

Forms & Instructions

California 540 & 540A

2000 Personal Income Tax Booklet

**Members of the
Franchise Tax Board**

Kathleen Connell, Chair
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COVER GRAPHICS OMITTED FOR DOWNLOADING SPEED

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Automated Toll-free Phone Service: (800) 338-0505



A phone symbol in the instructions means that you may get more information about the paragraph or line next to it. Call (800) 338-0505, select personal income tax, then select general information, follow the recorded instructions, and enter the three-digit number by the phone symbol.

For other automated services, see the back cover.

\$\$\$ for You

Earned Income Credit (EIC) – If you earned less than \$31,152 (less than \$10,350 if you do not have any qualifying children), you may be eligible to get the EIC to reduce the federal tax you owe, or get a refund if you do not owe any federal tax. Call the IRS at (800) 829-4477 and enter topic 601 when instructed, or see your federal income tax booklet.

Refund of Excess State Disability Insurance (SDI) – You may be eligible for a refund of excess SDI if you had at least two employers during 2000 who together paid you more than \$46,327 in wages. See the instructions on page 10 (Form 540A) or on page 18 (Form 540).

Homeowner and Renter Assistance (HRA) – This California program reimburses qualifying homeowners and renters for a portion of the property tax they paid in the prior year. See page 60.

Important Due Dates

April 16, 2001	Last day to pay the 2000 amount you owe to avoid penalties and interest.* See form FTB 3519 in this booklet for more information. <small>*If you are living or traveling outside the United States on April 16, 2001, the due dates for filing your return and paying your tax are different. See form FTB 3519 in this booklet for more information.</small>
October 15, 2001	Last day to file your 2000 return to avoid penalties and interest computed from the original due date of April 15, 2001. (Because April 15, 2001 is a Sunday, any payments mailed by the following business day, April 16, 2001, are credited as having been mailed on the original due date, April 15, 2001. Accordingly, any penalty applicable to the late filing of a return or a late payment is computed from the original April 15, 2001 due date.)
April 16, 2001 June 15, 2001 September 17, 2001 January 15, 2002	Due dates for 2001 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period is at least 1/4 of your required annual payment. Also, you do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your return under \$200 (\$100 if married filing separate). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment penalty. See Form 540-ES instructions on page 43 for more information.

What's New for 2000?

Differences Between California and Federal Law

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). Specific areas of nonconformity are discussed in the affected tax forms instructions.

2000 Tax Law Changes

New California Credits:

- Child and dependent care expenses credit;
- Long-term care credit;
- Natural heritage preservation credit; and
- Teacher retention credit.

See the Credit Chart on page 16 for descriptions of the credits and the credit forms or credit worksheets used to figure these credits.

New California Income Exclusions:

- Interest received with the smog impact fee refund;
- Reparation payments for individuals who were forced to perform slave or forced labor during World War II; and
- Employer provided education assistance for certain graduate courses.

See the instructions for Schedule CA (540) on page 45.

Assigned California Lottery Winnings – Amounts received from a California lottery prizewinner from another person as a result of the prizewinner assigning (transferring) the prizewinner's right to receive future lottery winnings are excluded from California gross income.

Refund of the Smog Impact Fee – If you did not deduct the smog impact fee when you paid it, neither the refund nor the interest paid on the refund are included in your California gross income. If you claimed a business expense deduction for the smog impact fee when you paid it, both the refund and the interest on the refund are included in your California gross income.

New Voluntary Contribution Funds – You may now make voluntary contributions to the National World War II Veterans Memorial Trust Fund, and the California Lung Disease and Asthma Research Fund. See page 20.

Increased Protection Against Disclosure of Taxpayer Information – California law prohibits disclosure of your tax information, including electronic tax information, except as specifically authorized by statute, and it requires certain safeguards in disposing of taxpayer information (SB 1724 Stats. 2000, Ch. 1084).

Providing Copies of Your California or Federal Returns – You may be requested to furnish the Franchise Tax Board with a copy of your California or federal tax returns that are subject to or related to a federal audit. See page 22, question 9.

Head of Household Filing Status

The California Board of Equalization (BOE) issued an opinion in the Appeal of Helmi Hisserich that revised the definition of a qualifying individual for the head of household filing status. Note: The Board's decision in this appeal was not final at the time this booklet went to press. For recorded information about the status of this case, please call (800) 338-0505, select personal income tax, general tax information, and enter code 214 when instructed.

Tax Form Changes

- Form 540 has a new line for figuring the total amount due when penalties and interest apply.
- Form 540A no longer has an income limit and it has a new look that should make it easier to complete.
- Form 540 EZ has been discontinued. It has been replaced by Form 540 2EZ (not in this booklet).

See the chart on page 5 for more information.

Check Status of Your Refund

You can check on the status of your refund over the Internet. Go to our Website at: www.ftb.ca.gov

Paper or Plastic?

With access to the Internet and your customer service number (CSN), you can:

- Prepare and file your return on-line in no time, and
- Get your refund in 5-7 banking days!

Go to our Website at: www.ftb.ca.gov or see the e-file insert in the middle of this book for details.

Payment Options

If you cannot afford to pay your taxes, pay as much as you can by April 16, 2001 to reduce late-payment penalties. The Franchise Tax Board offers the following payment options:

- **Credit Card.** For information about paying your tax by credit card, go to www.officialpayments.com or, see the insert in the middle of this booklet.
- **Installment Agreement.** For information about paying your tax in monthly installments, go to www.ftb.ca.gov or, see page 22, question 4.

We Welcome Your Comments

This year more than three million California taxpayers will e-file their state tax returns! Does this large number surprise you? It's right in line with the results of recent taxpayer surveys. They show that taxpayers value the benefits of e-filing, which include getting an acknowledgment to show that the return was received, knowing that there are no math errors in the return, and getting a fast refund. If you owe, you too can e-file and even e-pay for the utmost in convenience and accuracy.

You have many choices when it comes to e-filing:

- If you use a tax preparer, ask for e-filing. More than 10,000 preparers and other electronic return originators now offer California e-filing to their clients.
- If you prepare your own return using software or a web-based tax preparation service, you can take advantage of e-filing.
- If you want to e-file directly with FTB, this year, for the first time, you have a choice. Before you prepare your return using your choice of tax software or on-line options, check to see if the software offers the new "filing portal" option.

Cost? Security? Convenience? Check out the options at our Website:

www.ftb.ca.gov. You will be pleased to find that there are several no-cost options available for the first time. And please note that all service providers have represented to FTB that they meet FTB's requirements for secure, confidential transmission of your tax data.

If you've never tried e-filing and are not sure how it works, please see the special e-file insert in the middle of this booklet.

To send comments and suggestions about how we are doing, please send me an email or write to me at:

Email: Go to www.ftb.ca.gov and select "Send email to the Executive Officer"

Mail: GERALD GOLDBERG, EXECUTIVE OFFICER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

Do I Have to File?

Requirements for Most People

Read down the first column to find your filing status at the end of 2000. Read across to find your age at the end of 2000, and number of dependents you are entitled to claim for 2000. You must file a return if **either** your California gross income or your California adjusted gross income was more than the amount shown for your filing status, age, and number of dependents.



Even if you do not have a filing requirement based on the chart below, you should file a return in order to get a refund if California state income tax was withheld from your pay, or if you made California estimated tax payments.

On 12/31/00, my filing status was:	and on 12/31/00, my age was ⁶ :	California Gross Income ¹			California Adjusted Gross Income ²		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of Household ³	Under 65	11,302	19,135	25,010	9,042	16,875	22,750
	65 or older	15,052	20,927	25,627	12,792	18,667	23,367
Married filing joint or Married filing separate ⁴	Under 65 (both spouses)	22,605	30,438	36,313	18,084	25,917	31,792
	65 or older (one spouse)	26,355	32,230	36,930	21,834	27,709	32,409
	65 or older (both spouses)	30,105	35,980	40,680	25,584	31,459	36,159
Qualifying widow(er)	Under 65		19,135	25,010		16,875	22,750
	65 or older		20,927	25,627		18,667	23,367
Dependent of another person – Any filing status	Under 65	More than your standard deduction ⁵					
	65 or older	More than your standard deduction ⁵					

¹ **California gross income** is all income you received in the form of money, goods, property, and services from all sources that is not exempt from tax. Gross income does not include any adjustments or deductions.

² **California adjusted gross income** is your federal adjusted gross income from all sources reduced or increased by all California income adjustments.

³ See page 23.

⁴ The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.

⁵ Use the California Standard Deduction Worksheet for Dependents on page 9 or page 14 to figure your standard deduction.

⁶ If your 65th birthday is on January 1, 2001, you are considered to be age 65 on 12/31/00.

Requirements for Children With Investment Income

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,400 of investment income in 2000, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

Note: If you qualify, you may elect to report your child's income of \$7,000 or less (but not less than \$700) on your return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. See "Order Forms and Publications" on the back cover.

Other Situations When You Must File

If you owe any of the following taxes for 2000, you must file Form 540.

- Tax on a lump-sum distribution;
- Tax on a qualified retirement plan, including an individual retirement arrangement (IRA) or on a medical savings account (MSA);
- Tax for children under age 14 who have investment income greater than \$1,400 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution of a trust.

Which Form Should I Use?



e-file and you won't have to decide which form to use! The software will select the correct form for you.

Were you resident of California during the entire year 2000?

Yes. Check the chart below to see which form to use.

No. You must use Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, see page 67, "Where to Get Income Tax Forms and Publications."

	Form 540 2EZ	Form 540A	Form 540
Filing Status	Form not included in booklet. *See the note below. Single, married filing joint, head of household, qualifying widow(er), under 65 and not blind	Any filing status	Any filing status
Dependents	0-3 allowed	All dependents you are entitled to claim	All dependents you are entitled to claim
Amount of Income	Total income of: • \$50,000 or less if single or head of household • \$100,000 or less if married filing joint or qualifying widow(er)	Any amount of income	Any amount of income
Sources of Income	Only income from: • Wages, salaries, tips • Taxable interest of \$400 or less • Taxable scholarship and fellowship grants (only if reported on Form W-2) • Unemployment compensation Note: If you can be claimed as a dependent by another taxpayer, (or your spouse if married) and your TOTAL income is less than or equal to \$9,361 if single; \$18,572 if married filing joint or qualifying widow(er); or \$13,172 if head of household, you cannot use Form 540 2EZ.	Only income from: • Wages, salaries, tips • Taxable scholarship fellowship grants • Interest and dividends • Unemployment compensation reported on Form 1099-G • Social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, and annuities • Alimony	All sources of income
Adjustment to Income	No adjustments to income	Allowed if the amount is the same as your federal adjustments to income	All adjustments to income
Standard Deduction	Allowed	Allowed	Allowed
Itemized Deductions	No itemized deductions	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Only withholding shown on Form(s) W-2	• Withholding shown on Form(s) W-2, W-2G, and 1099-R • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)	• Withholding from all sources • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
Tax Credits	• Personal exemption credit • Up to 3 dependent exemption credits • Nonrefundable renter's credit	• Personal exemption credit • Senior exemption credit • Blind exemption credit • Dependent exemption credit • Nonrefundable renter's credit • Child and Dependent Care Expenses Credit	All tax credits
Other Taxes	Only tax computed using the 540 2EZ Table *Note: If you qualify to use Form 540 2EZ, go to www.ftb.ca.gov to e-file or to download this form, or see "Order Forms and Publications" on the back cover.	Tax computed using the tax table or tax rate schedules	All taxes: • Tax computed using the tax table or tax rate schedules • Alternative minimum tax • Tax on early distributions from IRAs or other qualified retirement plans • Tax on distributions from MSAs and education IRAs • Tax for children under age 14 who have investment income of more than \$1,400 • Tax on lump-sum distributions • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distributions of trusts

Helpful Hints



Filing in your return.

Tips on how you should fill in Form 540A or Form 540:

- Use only black or blue ballpoint pen on the copy you send us.
- Enter your social security number(s) at the top of Form 540A or Form 540, Side 1, Step 1a.
- Print all names and words in CAPITAL LETTERS.
- Print numbers inside boxes. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter zero. Do not enter a dash.
- Attach your label. If you don't have a label, please print your name(s) and address in CAPITAL LETTERS in Step 1.



Verify Step 1, Step 1a, Step 2, and Step 3.

Step 1: Use your full legal name and complete address including ZIP Code. If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Step 1a: Make sure that you entered your social security number and that it agrees with your social security card. If you file a joint return, make sure that you enter the social security numbers in the same order that your names are shown.

Step 2: Make sure that you meet all the requirements for your filing status. See page 7 for more information. If you believe that you qualify for the head of household filing status, please review the requirements on page 23 through page 26.

Step 3: Take your personal exemption credit to reduce your tax. See the instructions for Form 540A, line 18 or Form 540, line 21.



Check other areas.

Federal Adjusted Gross Income: Double-check that you correctly transferred your federal adjusted gross income from your federal TeleFile Tax Record, line I; or Form 1040EZ, line 4; or Form 1040A, line 19; or Form 1040, line 33.

California Standard Deduction: Make sure that you entered the California standard deduction amount and not the federal amount.

Itemized Deductions: Be sure that you reduced your federal itemized deductions by the amount of state and local income taxes you claimed on your federal Schedule A. Form 540 filers, use Schedule CA (540), Part II, on page 35. Form 540A filers, see page 9.

Double-check your math: Double-check each subtraction, addition, and any other calculation.

Paid Preparer's Information: If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2, including an identification number (social security number, PTIN or FEIN). A paid preparer must give you two copies of your return, one copy to file with FTB, and one copy to keep for your records.



Attachments to your return.

Check or money order: Make your check or money order payable to the Franchise Tax Board. Do not send cash. Write your social security number and "2000 Form 540A" or "2000 Form 540" on the check or money order, then see "Assembling your return" in the next column. A penalty may be imposed if your check is returned by your bank for insufficient funds.

Form(s) W-2, W-2G, and 1099-R: Make sure to staple all the Form(s) W-2, W-2G, and 1099-R you received to the front of your return where it says "Attach copy of your Form(s) W-2 here." Also, attach any Form 1099 showing California income tax withheld ("backup withholding") on dividends and interest income.

If you do not receive your Form (s) W-2 by January 31, 2001, contact your employer. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" on the back cover.

If you forget to send your Form(s) W-2 with your income tax return, do not send it separately, or with another copy of your return. Wait until the Franchise Tax Board requests it from you.

Federal Form 1040: Do not attach your federal return if you file Form 540A. If you file Form 540, did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040?

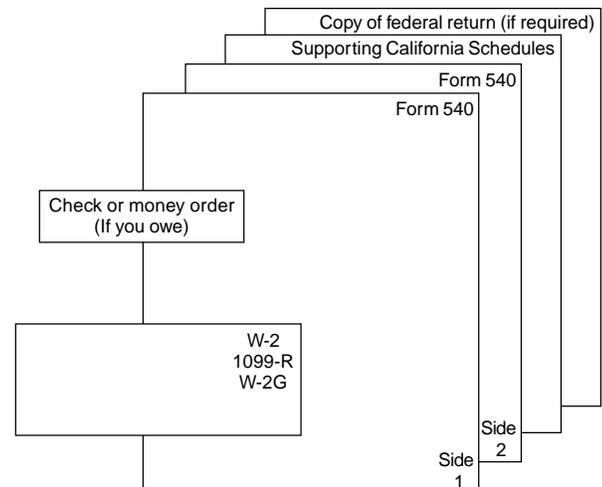
No. Do not attach Form 1040 to Form 540.

Yes. Attach a copy of Form 1040 and all supporting federal forms and schedules to Form 540.



Assembling your return.

Assemble your return in the order shown below.



Mailing your return.

Mail your return using the envelope provided in this booklet. If your return shows a refund or no amount due, be sure to attach the green label to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0000

If your return has an amount due, be sure to attach the white label to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Instructions for Form 540A –California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 1998, and the California Revenue and Taxation Code (R&TC).

 **Tip** e-file! No math, fast refund, accurate return, and more! See the e-file insert in the middle of this booklet for details.

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, or federal TeleFile Tax Record) before you begin your Form 540A. You will use the information you entered on your federal income tax return to complete your Form 540A. See “Order Forms and Publications” on the back cover for information on how to get the forms and publications referred to in these instructions.

 **Tip** You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

Step 1 –Name and Address

If there is a label on the front of your booklet, attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information.

If there is no label on the front of your booklet, print your name and address in the space provided at the top of Form 540A. See page 6, Helpful Hints, “Filling in your return.”

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled “PMB no.” in the address area.

Step 1a –Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, show the social security numbers in the same order that you show both names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the spaces for the social security number.

Step 2 –Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle for line 3 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return. If you did not file a federal return because you did not have a federal filing requirement, use the filing status you would have used had you been required to file.

Exception: Married taxpayers who file a joint federal income tax return may file separate California returns if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2000; or
- A nonresident for the entire year and had no income from California sources during 2000.

However, if you file a joint return and if either you or your spouse was a nonresident in 2000, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Line 1 – Single

You may fill in the circle on line 1 if **any** of the following was true on December 31, 2000:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 2000, and did not remarry in 2000.

Line 2 – Married Filing Joint Return

You may fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2000, even if you did not live with your spouse at the end of 2000;
- Your spouse died in 2000 and you did not remarry in 2000; or
- Your spouse died in 2001 before you filed a 2000 return.

Line 3 – Married Filing Separate Return

If you filled in the circle on line 3, be sure to enter your spouse’s full name on line 3 and social security number in Step 1a.

Note: You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person’s return.

Note: You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last 6 months of 2000. See page 23 for more information.

For reporting separate income and deductions, get FTB Pub. 1051A, Guidelines for Married Filing Separate Returns. See “Order Forms and Publications” on the back cover.

Line 4 – Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. Before you select this filing status, see the head of household requirements and self-test beginning on page 23.

Line 5 – Qualifying Widow(er) with Dependent Child

You may fill in the circle on line 5 and use the joint return tax rates for 2000 if **all five** of the following apply:

1. Your spouse died in 1998 or 1999 and you did not remarry in 2000; and
2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
3. This child lived in your home for all of 2000. Temporary absences, such as for vacation or school, count as time lived in the home; and
4. You paid over half the cost of keeping up your home for this child; and
5. You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 2000, see the instructions for line 2.

Step 3 –Exemptions

Line 6 – Can be Claimed as Dependent



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Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540A, line 7.

Yes Ignore the instructions on Form 540A, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separate, enter -0-;
- Head of household, enter -0-;
- Married filing joint and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing joint and only one spouse can be claimed as a dependent, enter 1.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor’s statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2000*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit.

*If your 65th birthday is on January 1, 2001, you are considered to be age 65 on 12/31/00.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 10 – Total Personal, Blind, and Senior Exemptions

Add the dollar amounts on line 7 through line 9. Enter the result on line 10.

Line 11 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a schedule. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 11. Multiply the total by the pre-printed dollar amount and enter the result.

Step 4 – Taxable Income and California Income Adjustments

Refer to your completed federal income tax return to complete Step 4.

Line 12a – State Wages

Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be on Form W-2, box 17.

Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return. In addition, there may be differences between the taxable amounts of federal and California IRA distributions, pensions, and annuities.

Line 13a – State Income Tax Refund

Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or Form 1040EZ, enter -0-.

Line 13b – Unemployment Compensation

Enter the amount of any unemployment compensation shown on your federal TeleFile Tax Record, line D; Form 1040EZ, line 3; Form 1040A, line 13; or Form 1040, line 19.

Note: Do not include qualified state tuition program earnings.

Line 13c – Social Security Benefits (and tier 1 or tier 2 railroad retirement benefits)

Enter the total of any of these amounts shown on your federal return:

- Social security benefits and equivalent tier 1 railroad retirement benefits reported on federal Form 1040A, line 14b; or Form 1040, line 20b;
- Tier 1 (non social security equivalent) and tier 2 railroad retirement benefits included in the amount on federal Form 1040A, line 12b; or Form 1040, line 16b.

Note: Do not include any other pension amounts on this line.

If you filed Form 1040EZ, enter -0-.

Line 13d – California Nontaxable Interest or Dividend Income

California does not tax interest earned from:

- United States savings bonds;
- United States Treasury bills, notes, and bonds; and
- Bonds or obligations of United States territories, and government agency obligations specifically exempted by federal law.

- California in conjunction with the refund of the smog impact fee, if you were not able to deduct the smog impact fee when it was paid. (See "Refund of the Smog Impact Fee" on page 3.)

Enter only the amount of interest that you received from these sources and that you included in the amount reported on your federal Form 1040A, line 8a; or Form 1040, line 8a; or Form 1040EZ, line 2.

Interest from municipal or state bonds from a state other than California: This interest is taxed by California. You may not use Form 540A. Use Form 540 or e-file.

Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities: This interest is taxed by California. Do not enter it on line 13d.

Exempt-interest dividends from mutual funds: Certain mutual funds are qualified to pay "exempt-interest dividends" if at least 50% of their assets consist of tax-exempt government obligations. The portion of the dividends that is tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 13d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540 or e-file.

Line 13e – California Individual Retirement Account (IRA) Distributions

Note: You cannot use Form 540A if you have Roth IRA conversions or distributions. Use Form 540 or e-file.

The method of taxing IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions. Before 1987, the maximum IRA contribution you were allowed to deduct from California income was less than the maximum amount you were allowed to deduct from federal income. For this reason, the amount of your IRA distribution taxed by California may be different than the amount taxed under federal law.

Report the difference between your California and your federal taxable IRA distributions on line 13e. Be sure to attach Form 1099-R to your Form 540A. Get FTB Pub. 1005, Pension and Annuity Guidelines for more information. See "Order Forms and Publications" on the back cover.

Line 13f – California Pensions and Annuities

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 10-year averaging method. However, you must file Form 540 to use this method. See the instructions for Form 540 and get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information.

If your annuity starting date was after July 1, 1986, and before January 1, 1987, and if you elected to use the 3-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 13f. For example: "(12,325)."

Combine line 13a through line 13f. If the result is less than zero, enter the amount in parentheses on Form 540A, Side 1, line 13g. In this case only, treat the amount on line 13g as a positive number and add it to the amount on line 12b.

Line 14 – California Adjusted Gross Income

Subtract line 13g from line 12b. Enter the result on line 14. If the result is less than zero, enter the amount in parentheses. For example: "(12,325)."

Line 15 – CA Standard Deduction or CA Itemized Deductions

You must decide whether to take the standard deduction or to itemize your actual charitable contributions, medical expenses, interest paid, taxes, etc. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file separate returns, both you and your spouse must either itemize your deductions or take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on this page. Enter the result on Form 540A, line 15.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on this page. Do not attach federal Schedule A to this return.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on this page unless you filled in the circle on Form 540A, line 6. In that case, use the California Standard Deduction Worksheet for Dependents on this page.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 15
1 – Single	\$2,811
2 – Married filing joint return	\$5,622
3 – Married filing separate return	\$2,811
4 – Head of household	\$5,622
5 – Qualifying widow(er)	\$5,622

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.

- Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7.) 1 _____
- 2 \$250.00
- Add line 1 and line 2. Enter total here 3 _____
- Minimum standard deduction 4 \$700.00
- Enter the **larger** of line 3 or line 4 here 5 _____
- Enter the amount shown for your filing status:
 - Single or married filing separate, enter \$2,811
 - Married filing joint, head of household, or qualifying widow(er) enter \$5,622
 } 6 _____
- Standard deduction.** Enter the **smaller** of line 5 or line 6 here and on Form 540A, line 15 7 _____

California Itemized Deductions Worksheet

- Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 1 _____
- Add these amounts from federal Schedule A and enter on line 2:
 - Line 5, state and local income tax, and State Disability Insurance (SDI): 2 _____
 - Line 8, foreign income taxes: 2 _____
- Subtract line 2 from line 1. This amount is your total California **itemized deductions** 3 _____
- Is the amount on Form 540A, line 12b, more than the amount shown below for your filing status?
 - Single or married filing separate \$124,246
 - Married filing joint or qualifying widow(er) \$248,494
 - Head of household \$186,370**Yes** Continue to line 5 of this worksheet
No Enter on Form 540A, line 15, the larger of:
 - The amount on line 3; or
 - Your standard deduction* shown below:
 - Single or married filing separate \$2,811
 - Married filing joint, head of household, or qualifying widow(er) \$5,622**Do not complete the rest of this worksheet.**
- *If your parent or someone else can claim you as a dependent, see "Standard Deduction for Dependents" below.
- Using California amounts, add the amounts on federal Schedule A, line 4, line 13, and line 19 plus any gambling losses included on line 27 5 _____
- Subtract line 5 from line 3 6 _____

Note: If -0-, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.
- Multiply line 6 by 80% (.80) 7 _____
- Amount from Form 540A, line 12b 8 _____
- Enter the amount shown below for your filing status 9 _____
 - Single or married filing separate . . . \$124,246
 - Married filing joint or qualifying widow(er) \$248,494
 - Head of household \$186,370
- Subtract line 9 from line 8 10 _____

Note: If -0- or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.
- Multiply line 10 by 6% (.06) 11 _____
- Compare line 7 and line 11. Enter the smaller amount here 12 _____
- Total itemized deductions. Subtract line 12 from line 3 13 _____
- Enter on Form 540A, line 15, the larger of:
 - The amount on line 13; or
 - Your standard deduction* shown below:
 - Single or married filing separate \$2,811
 - Married filing joint, head of household, or qualifying widow(er) \$5,622

***Standard Deduction for Dependents.**

If your parent, or someone else, can claim you as a dependent, use the standard deduction amount from line 7 of the "California Standard Deduction Worksheet for Dependents" instead of the standard deduction amount shown above.

Step 5 –Tax and Credits

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 17 – Tax

If your taxable income on line 16 is:

- \$100,000 or less, you must use the tax table on page 61. Be sure to use the correct column for your filing status.
- Over \$100,000, you must use the tax rate schedules on page 66.

Line 18 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 12b is more than the amounts shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540A, line 12b
more than:

Single or married filing separate	\$124,246
Married filing joint or qualifying widow(er)	\$248,494
Head of household	\$186,370

Yes Complete the AGI Limitation Worksheet below.

No Follow the instructions shown on Form 540A, line 18.

AGI Limitation Worksheet	
a. Enter the amount from Form 540A, line 12b	a _____
b. Enter the amount for your filing status on line 17	b _____
Single or married filing separate	\$124,246
Married filing joint or qualifying widow(er)	\$248,494
Head of household	\$186,370
c. Subtract line b from line a	c _____
d. Divide line c by \$2,500 (\$1,250 if married filing separate)	d _____
Note: If the result is not a whole number, round it to the next higher whole number	
e. Multiply line d by \$6	e _____
f. Add the numbers from the boxes on Form 540A, line 7, line 8 and line 9 (not the dollar amounts)	f _____
g. Multiply line e by line f	g _____
h. Enter the dollar amount (that you filled in) from Form 540A, line 10	h _____
i. Subtract line g from line h. If zero or less, enter -0-	i _____
j. Enter the number from the box on Form 540A, line 11 (not the dollar amount)	j _____
k. Multiply line e by line j	k _____
l. Enter the dollar amount (that you filled in) from Form 540A, line 11	l _____
m. Subtract line k from line l. If zero or less, enter -0-	m _____
n. Add line i and line m. Enter the result here and on Form 540A, line 18. If zero or less enter -0-	n _____

Line 19 – Nonrefundable Renter’s Credit

Did you pay rent for at least 6 months in 2000 on your principal residence located in California?

Yes You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 21.

No Go to line 20.

Step 6 –Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 25 through line 36.

Line 25 – California Income Tax Withheld



Enter on line 25 the total amount shown as California income tax withheld on your Form(s) W-2 in box 18; Form(s) W-2G in box 14; or Form(s) 1099-R in box 10.

Caution: Do not include city or county tax withheld or tax withheld by other states.

If you received a Form 1099 showing California income tax withheld (“backup withholding”) on dividends and interest income, include the amount withheld in the total on line 25 and attach a copy of the Form 1099 to your return.

If you do not have a Form W-2, see “Attachments to your return” on page 6.

Line 26 – 2000 California Estimated Tax and Payment with form FTB 3519

Enter the total of any:

- California estimated tax payments you made using 2000 Form 540-ES;
- Overpayment from your 1999 California income tax return applied to your 2000 estimated tax; and
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim part of it. Attach a statement, signed by you and your spouse, explaining how you want your payments divided. Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers.

Line 27 – Excess California SDI (or VPDI) Withheld

If California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer at more than .5% of your gross wages between 1/1/00 and 3/31/00 and/or .7% of your gross wages between 4/1/00 and 12/31/00, you may not claim excess SDI (or VPDI) on your form 540A. Contact the employer for a refund.

You may be entitled to claim a credit for excess SDI (or VPDI) only if you meet all of the following conditions:

- You had **two or more** employers during 2000;
- You received more than \$46,327 in wages; and
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540A.

Complete the Excess SDI (or VPDI) Worksheet on the next page to figure the amount to enter on line 27.

Excess SDI (or VPDI) Worksheet

Follow the instructions below to figure the amount to enter on Form 540A, line 27. If you are married and file a joint return, you must figure the amount of excess SDI (or VPDI) separately for each spouse.

	You	Your Spouse
1. Maximum wage base	1 \$46,327	\$46,327
2. Enter the amount of your paid wages* that had SDI (or VPDI) withheld between 1/1/00 and 3/31/00	2 _____	_____
3. Enter the smaller of line 2 or \$46,327	3 _____	_____
4. Subtract line 3 from line 1	4 _____	_____
5. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2	5 _____	_____
6. Multiply line 3 by .5% (.005)	6 _____	_____
7. Multiply line 4 by .7% (.007)	7 _____	_____
8. Add line 6 and line 7	8 _____	_____
9. Excess SDI (or VPDI) withheld. Subtract line 8 from line 5. Enter the result here and enter on Form 540A, line 27. Note: If zero or less, enter zero	9 _____	_____

*Use your pay stubs to compute your wages paid from January 1, 2000 through March 31, 2000. If you do not have your pay stubs, you may estimate this amount. This amount is subject to verification.

Line 28 through line 31 – Child and Dependent Care Expenses Credit

If your adjusted gross income is \$100,000 or less, you may be able to claim this credit if you qualified for the federal credit for child and dependent care expenses. To claim this credit:

- Complete federal Form 2441, or federal Schedule 2 (Form 1040A);
- Complete line 28 through line 31 on Form 540A; and
- Attach a copy of your federal Form 2441 or federal Schedule 2 (Form 1040A), to your California return.

Line 28 and Line 29

Enter the qualifying person’s social security number. If you have more than two qualifying persons, attach a copy of the statement you included with your federal Form 2441 or federal Form 1040A, Schedule 2, listing the additional name(s) and social security number(s).

Line 30

Enter the amount of your federal child and dependent care expenses credit from the federal Form 2441, line 9, or federal Schedule 2 (Form 1040A), line 9. (**Exception:** If your federal credit was limited by the federal tax amount, enter the federal credit amount you computed before applying the limitation.)

Line 31

Use the following worksheet to calculate the California credit.

1. Enter the amount from Form 540A, line 30 1 _____
2. Enter the percentage listed below: 2 _____

If your adjusted gross income from Form 540A, line 14 is:	Then enter this percentage:	
• \$40,000 or less	63% (.63)	
• Over \$40,000 but not over \$70,000	53% (.53)	
• Over \$70,000 but not over \$100,000	42% (.42)	
• Over \$100,000	-0% (-0-)	
3. Multiply the amount on line 1 by the amount on line 2. Enter here and on Form 540A, line 31 3 _____

Line 33 – Overpaid Tax

If the amount on line 32 is more than the amount on line 24, your payments and credits are more than your tax. Subtract the amount on line 24 from the amount on line 32. Enter the result on line 33. This is the amount of your overpaid tax. If the amount on line 32 is less than the amount on line 24, go to line 36.

Line 34 – Amount You Want Applied To Your 2001 Estimated Tax

If you pay estimated tax, you may apply all or part of the amount on line 33 to your 2001 estimated tax. Enter on line 34 the amount of line 33 you want applied to your 2001 estimated tax.

Line 35 – Overpaid Tax Available This Year

If you entered an amount on line 34, subtract that amount from line 33. Enter the result on line 35. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 36 and go to Step 7.

Line 36 – Tax Due

If the amount on line 32 is less than the amount on line 24, your tax is more than your payments and credits. Subtract the amount on line 32 from the amount on line 24. Enter the result on line 36. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if the:

- Tax due on line 36 is \$200 (\$100 if married filing separate) or more; and
- California income tax withheld on line 25 is less than 80% of the amount of your total tax on line 24.

If you owe a penalty, the Franchise Tax Board will figure the penalty and send you a bill.

Step 7 –Contributions

You may make contributions to the funds listed on Form 540A, Side 2, Step 7. See page 20 for a description of the funds.

Line 37 – Total Contributions

Enter the amount of your total contributions on line 37. If you did not make any contributions, do not enter an amount on line 37. If you show an amount on line 35, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 36, you must add the amount you contribute to your tax due.

Step 8 –Refund or Amount You Owe and Direct Deposit of Refund

Line 38 – Refund Or No Amount Due

If you did not enter an amount on line 37, enter the amount from line 35 on line 38. This is the amount that will be refunded to you. If the amount is less than \$1, attach a written request to your Form 540A to receive the refund.

If you entered an amount on line 37, subtract that amount from the amount on line 35. If the result is zero or more, enter the result on line 38.

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540A, Side 2, Step 8. Please be sure to fill in all three boxes. **Do not** attach a voided check or deposit slip. See the illustration on the next page.

The following illustration shows which bank numbers to transfer to the preprinted boxes on Form 540A, Side 2, Step 8 or Form 540, Side 2, Step 13.

Tip Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The illustration shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is payable to the order of a blank box labeled 'DOLLARS'. The bank is ANYTOWN BANK, Anytown, CA 99999. The routing number is 250250025 and the account number is 202020. The check number is 1234. A box for the check number is labeled 'Do not include the check number'. The check number 1234 is also shown in the top right corner of the check.

If an amount was entered on line 37, and when subtracted from the amount on line 35 the result is less than zero, your contributions are more than your overpaid tax available on line 35. In this case, do not enter an amount on line 38. Instead, subtract the amount on line 35 from the amount on line 37. Enter the result on line 39 and see the instructions for line 39.

Line 39 – Amount You Owe

If you did not enter an amount on line 37, enter the amount from line 36 on line 39. This is the amount you owe with your Form 540A.

If you entered an amount on line 37, add that amount to the amount on line 36. Enter the result on line 39. This is the amount you owe with your Form 540A.

To avoid a late filing penalty, file your Form 540A by the due date even if you cannot pay the amount you owe. See payment options on page 3 and page 22, question 4.

Do not combine your 2000 tax payment and any 2001 estimated tax payment in the same check. You must prepare two separate checks and mail each in a separate envelope.

Paying by Check or Money Order – See page 6, Helpful Hints, “Attachments to Your Return.”

Paying by Credit Card – For information about using your Discover/NOVUS, MasterCard, or American Express card, see the insert in the middle of this booklet.

If you cannot pay the full amount shown on line 39 with your return, you may request monthly payments. See payment options on page 3 and page 22, question 4.

Line 40 – Underpayment of Estimated Tax

You may owe a penalty if:

- Line 36 is \$200 (\$100 if married filing separate) or more and more than 20% of the tax shown on line 24; or
- You underpaid your 2000 estimated tax liability for any payment period. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or you can get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty and to figure the amount. If you complete form FTB 5805, enter the amount of the penalty on line 40 and fill in the circle on line 40. You must complete and attach form FTB 5805 if you claim a waiver of the penalty or use the annualized income installment method.

Note: Do not reduce the amount on line 33 or increase the amount on line 36 by any penalty or interest amounts.

See page 2, “Important due dates,” for information on estimated tax payments and how to avoid the underpayment penalty.

Line 41 – 2001 Tax Forms

If your Form 540A is prepared by someone else or if you do not need tax forms mailed to you next year, fill in the circle on line 41.

Step 9 – Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 6, Helpful Hints, for information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See Innocent Spouse Relief, on page 60.

Mailing Your Return

Mail your return in the envelope provided in this booklet. If your return shows a refund or no amount due, be sure to attach the green label to the front of the envelope. If your return has an amount you owe, be sure to attach the white label to the front of the envelope.

If you have misplaced your envelope, see page 6, “Mailing Your Return” for the correct address.

Instructions for Form 540 –California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1998**, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, 1040A, 1040EZ, or federal TeleFile Tax Record) before you begin your California Form 540. You will use information from your federal income tax return to complete your Form 540. Be sure to complete and mail Form 540 by April 16, 2001. If you cannot mail your return by the due date, see page 39.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

Step 1 –Name and Address

If there is a label on the front of your booklet, attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information.

If there is no label, print your name and address in the spaces provided at the top of Form 540. See page 6, Helpful Hints, "Filling in your return."

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Step 1a –Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, show the social security numbers in the same order that you show both names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the spaces for the social security number.

Step 2 –Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle for line 3 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return. If you did not file a federal return because you did not have a federal filing requirement, use the filing status you would have used had you been required to file.

Exception for married taxpayers who file a joint federal income tax return – You may file separate California returns if either spouse was:

- An active member of the United States Armed Forces (or any auxiliary military branch) during 2000; or
- A nonresident for the entire year and had no income from California sources during 2000.

However, if you file a joint return and if either spouse was a nonresident in 2000, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

You Are Married and File a Separate Return: Enter your spouse's full name on line 3 and social security number in the space provided in "Step 1a."

Note: Community property rules apply to the division of income if you use the married filing separate status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status and FTB Pub. 1051A, Guidelines for Married Filing Separate Returns. See "Order Forms and Publications" on the back cover.

Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. Before you select this filing status, see the requirements and self-test for head of household beginning on page 23.



e-file! The software you use will help you make sure you qualify to claim the head of household filing status. Plus, no math, fast refund, accurate return, and more! See the e-file insert in the middle of this booklet for details.

Step 3 –Exemptions

Line 6 – Can be Claimed as a Dependent

Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540, line 7.

Yes Ignore the instructions on Form 540, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separate, enter -0-;
- Head of household, enter -0-;
- Married filing joint and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing joint and only one spouse can be claimed as a dependent, enter 1.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540 indicating you or your spouse are visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2000*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit.

*If your 65th birthday is on January 1, 2001, you are considered to be age 65 on 12/31/00.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 11 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 11. Multiply the number you entered by the pre-printed dollar amount and enter the result.

Step 4 –Taxable Income

Refer to your completed federal income tax return to complete "Step 4."

Line 12 – State Wages



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Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be on Form W-2, box 17.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 6.

Line 14 – California Adjustments — Subtractions (from Schedule CA (540), line 33, column B)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments—Residents. Follow the instructions for Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 33, column B.

Line 15 – Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: “(12,325).”

Line 16 – California Adjustments — Additions (from Schedule CA (540), line 33, column C)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments—Residents. Follow the instructions for Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 33, column C.

Line 18 – California Standard Deduction or California Itemized Deductions

You must decide whether to take the standard deduction or itemize your charitable contributions, medical expenses, interest paid, taxes, etc. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, both you and your spouse must either itemize your deductions or take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540), Part II, line 35 through line 40. Enter the result on Form 540, line 18.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540, first complete a federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 35 through line 40.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart For Most People, below. If you filled in the circle on Form 540, line 6, use the California Standard Deduction Worksheet For Dependents, on this page, instead.

California Standard Deduction Chart for Most People	
Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.	
Your Filing Status	Enter On Line 18
1 – Single	\$2,811
2 – Married filing joint return	\$5,622
3 – Married filing separate return	\$2,811
4 – Head of household	\$5,622
5 – Qualifying widow(er)	\$5,622

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.

1. Enter your earned income from: line 1 of the “Standard Deduction Worksheet for dependents” in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ. If you used federal TeleFile, add \$250 to the total of your wages from all Form(s) W-2, box 1 and enter the result here	1	
2. Minimum standard deduction	2	\$700.00
3. Enter the larger of line 1 or line 2 here	3	
4. Enter the amount shown for your filing status:		
• Single or married filing separate, enter \$2,811	} 4	
• Married filing joint, head of household, or qualifying widow(er), enter \$5,622		
5. Standard deduction. Enter the smaller of line 3 or line 4 here and on Form 540, line 18	5	

Step 5 –Tax

When you figure your tax, be sure to use the correct filing status and taxable income amount.

Line 20 – Tax

To figure your tax, use one of the following methods and fill in the matching circle on line 20:

- **Tax Table.** If your taxable income on line 19 is \$100,000 or less, you must use the tax table beginning on page 61. Be sure you use the correct filing status column in the tax table.
- **Tax Rate Schedules.** If your taxable income on line 19 is over \$100,000, you must use the tax rate schedules on page 66.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children Under Age 14 With Investment Income, to figure the tax on a separate Form 540 for your child who was under age 14 on January 1, 2001, and who had more than \$1,400 of investment income. Attach form FTB 3800 to the child’s Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child’s interest and dividend income of \$7,000 or less (but not less than \$700) on your return, complete form FTB 3803, Parents’ Election to Report Child’s Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Attach form(s) FTB 3803 to your return.

Line 21 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is:	Is Form 540, line 13 more than:
Single or married filing separate	\$124,246
Married filing joint or qualifying widow(er)	\$248,494
Head of household	\$186,370

Yes Complete the AGI Limitation Worksheet on the next page.

No Follow the instructions on Form 540, line 21.

AGI Limitation Worksheet

a Enter the amount from Form 540, line 13 **a** _____

b Enter the amount for your filing status on line b:
 Single or married filing separate \$124,246
 Married filing joint or
 qualifying widow(er) \$248,494 **b** _____
 Head of household \$186,370

c Subtract line b from line a **c** _____

d Divide line c by \$2,500 (\$1,250 if married filing
 separate). **Note:** If the result is not a whole
 number, round it to the next higher whole number **d** _____

e Multiply line d by \$6 **e** _____

f Add the numbers from the **boxes** on Form 540, line 7,
 line 8, and line 9 (not dollar amounts) . . **f** _____

g Multiply line e by line f **g** _____

h Enter the dollar amount (that you filled in) from
 Form 540, line 10 **h** _____

i Subtract line g from line h. If zero or less, enter -0- **i** _____

j Enter the number from the box on Form 540, line 11
 (not the dollar amount) **j** _____

k Multiply line e by line j **k** _____

l Enter the dollar amount (that you filled in) from
 Form 540, line 11 **l** _____

m Subtract line k from line l. If zero or less, enter -0- **m** _____

n Add line i and line m. Enter the result here and on
 Form 540, line 21. If zero or less, enter -0- **n** _____

Line 23 – Tax from Schedule G-1 and form FTB 5870A

Fill-in the circle for and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- Form FTB 5870A, Tax on Accumulation Distribution of Trusts.

Step 6 – Special Credits & Nonrefundable Renter’s Credit

A variety of California tax credits are available to reduce your tax if you qualify. To figure and claim most special credits, you must complete a separate form or schedule and attach it to your Form 540. The Credit Chart on the next page describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT). Answer the following questions before you claim credits on your tax return.

1. Do you qualify to claim the nonrefundable renter’s credit? Complete the qualification record on page 21.
 Check **Yes** or **No**, then go to Question 2.
 2. Are you claiming any other special credit listed on the Credit Chart on the next page?
- No** If you checked “Yes” for Question 1 and entered an amount on Form 540, line 31, go to line 33. If you checked “No” for Question 1, skip to the instructions for line 34.
- Yes** Figure your credit using the form, schedule, worksheet, or certificate identified in the Credit Chart. Then go to Box A to see if the total amount you may claim for all credits is limited by TMT. If you checked “Yes” for Question 1, be sure that you entered your nonrefundable renter’s credit on line 31.

Box A – Did you complete federal Schedule C, D, E, or F and claim or receive any of the following:

- Accelerated depreciation in excess of straight-line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities;
- Income from long-term contracts using the percentage of completion method;
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541); or
- Excluded gain on the sale of qualified small business stock

Yes Complete Schedule P (540) on page 51 of this booklet.
No Go to Box B.

Box B – Did you claim or receive any of the following:

- Investment interest expense 226;
- Income from incentive stock options in excess of the amount reported on your return 225;
- Charitable contribution deduction for appreciated property 224;
- Income from installment sales of certain property; or
- Net operating loss deduction or disaster loss carryover reported on form(s) FTB 3805V, 3805Z, 3806, or 3807.

Yes Complete Schedule P (540) on page 51 of this booklet.
No Go to Box C.

Box C – If your filing status is: Is Form 540, line 17 more than:

Single or head of household	\$171,345
Married filing joint or qualifying widow(er)	\$228,459
Married filing separate	\$114,229

Yes Complete Schedule P (540) on page 51 of this booklet.
No Your credits are not limited. Go to the instructions for Form 540, line 28.

Line 28 through Line 30 – Additional Special Credits

Each credit has a code number. To claim only one or two credits, enter the credit name, code number, and amount of the credit on lines 28 and 29. To claim more than two credits, use Schedule P (540) on page 51 of this booklet. List two of the credits on lines 28 and 29. Enter the total of any remaining credits from Schedule P (540) on line 30.

Important: Attach Schedule P (540) and any supporting schedules or statements to your Form 540.

Carryovers: If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover for an expired credit and were not required to complete Schedule P (540) for line 21, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit. Otherwise, enter the amount of the credit on Schedule P (540), Part IV, and do not attach form FTB 3540.

Credit for Joint Custody Head of Household — Code 170

Note: You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 2000 (or if married, you lived apart from your spouse for all of 2000 and you used the married filing separate filing status); and if you furnished more than one-half the household expenses for your home that also served as the home of your child, step-child, or grandchild for at least 146 days but not more than 219 days of the taxable year. If the child is married, you must be entitled to claim a dependent exemption credit for the child.

(Continued on page 17.)

CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 17	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses See the instructions on page 18	None	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit and is refundable
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development financial institution Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, Suite 1460, Sacramento CA 95814
Dependent Parent – Worksheet on page 17	173	Must use married filing separate filing status and have a dependent parent
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: Cost of establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Rm 485, Sacramento CA 95814
Joint Custody Head of Household – Worksheet on page 15	170	30% of tax up to \$299 for single or married filing separate taxpayers who have a child and meet support test
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA
Long Term Care – FTB 3504	214	\$500 multiplied by the number of qualifying individuals
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturers' Investment – FTB 3535	199	6% of the cost of qualified property
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
Natural Heritage Preservation – FTB 3503	213	55% of the fair market value of any qualified contribution
Nonrefundable Renter's — See page 21	None	For California residents who paid rent for their principal residence for at least 6 months in 2000 and whose AGI does not exceed a certain limit
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California
Prior Year Alternative Minimum Tax – FTB 3510	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2000
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Rm 409, Sacramento, CA 95814
Senior Head of Household – Worksheet on page 17	163	2% of taxable income up to \$916 for seniors who qualified for head of household and the qualifying individual died during 1998 or 1999
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses
Teacher Retention Credit – FTB 3505	212	Credentialed teachers may be able to claim a credit of up to \$1,500 (per individual) based on years of service and the limitation based on income

Repealed Credits: The expiration dates for these credits have passed. However, these credits had carryover features. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Los Angeles Revitalization Zone (LARZ)	Salmon & Steelhead Trout Habitat	
Commercial Solar Electric System	196	Hiring & Sales or Use Tax	Restoration	200
Commercial Solar Energy	181	Low-Emission Vehicles	Solar Energy	180
Employee Ridesharing	194	Orphan Drug	Solar Pump	179
Employer Ridesharing: Large employer	191	Political Contributions	Water Conservation	178
Small employer	192	Recycling Equipment	Young Infant	161
Transit passes	193	Residential Rental & Farm Sales		
Energy Conservation	182	Ridesharing		

Also, the custody arrangement for the child must be part of a decree of dissolution or separate maintenance or must be part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

Use the worksheet below to figure this credit.

1. Enter the amount from Form 540, line 24	1	_____
2. Enter the form FTB 5870A tax, if any, included on Form 540, line 23	2	_____
3. Subtract line 2 from line 1	3	_____
4. Credit percentage — 30%	4	x .30
5. Credit amount. Multiply line 3 by line 4. Enter the result or \$299, whichever is less	5	_____

Credit for Dependent Parent — Code 173

Note: You may not claim the credit for dependent parent if you used the single, head of household, qualifying widow(er) or married filing joint filing status.

You may claim this credit only if:

- You were married at the end of 2000 and you used the married filing separate filing status;
- Your spouse was not a member of your household during the last six months of the year; and
- You furnished over one-half the household expenses for your dependent mother's or father's home, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet above for the credit for joint custody head of household.

Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2000*;
- Qualified as a head of household in 1998 or 1999 by providing a household for a qualifying individual who died during 1998 or 1999; and
- Did not have adjusted gross income over \$48,597 for 2000.

*If your 65th birthday is on January 1, 2001, you are considered to be age 65 on 12/31/00.

Note: If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2000 in order to claim this credit.

Use this worksheet to figure this credit.

1. Enter the amount from Form 540, line 19	1	_____
2. Credit percentage — 2%	2	x .02
3. Credit amount. Multiply line 1 by line 2. Enter the result or \$916, whichever is less	3	_____

Credit for Child Adoption Costs — Code 197

For the year in which an order of adoption is entered, you may claim a credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. You may include the following costs if directly related to the adoption process:

- Fees of the Department of Social Services or a licensed adoption agency;
- Medical expenses not reimbursed by insurance; and
- Travel expenses for the adoptive family.

Note: Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child	1	_____
2. Credit percentage — 50%	2	x .50
3. Credit amount. Multiply line 1 by line 2.		

Do not enter more than \$2,500
Your allowable credit is limited to \$2,500 for 2000. You may carry over the excess credit to future years until the credit is used.

Line 31 – Nonrefundable renter's credit

Go to the instructions for "Step 6" on page 15.

Line 34 – Subtract the amount on line 33 from the amount on line 25. Enter the result on line 34. If the amount on line 33 is more than the amount on line 25, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 34. Write "IRC Section 453 interest" or "IRC Section 453A interest" and the amount on the dotted line to the left of the amount on line 34.

Step 7 –Other Taxes

Attach the specific form or statement required for each entry in this step.

Line 35 – Alternative Minimum Tax (AMT)

If you claim certain types of deductions, exclusions, and credits, you may owe AMT if your total income is more than: \$60,923 if married filing joint or qualifying widow(er); \$45,692 if single or head of household; or \$30,461 if married filing separate.

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of \$5,200 and the child's earned income.

AMT income does not include income, adjustments and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from all trades or businesses.

See the instructions for Schedule P (540) on page 53 for more information.

Line 36 – Other Taxes and Credit Recapture

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3535, Manufacturers' Investment Credit; FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary; FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; FTB 3808, Manufacturing Enhancement Area credit Summary; or FTB 3809, Targeted Tax Area Deduction and Credit Summary; include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

Step 8 –Payments

Make sure you have your Form(s) W-2, W-2G, 1099-MISC, and 1099-R, and any other Form(s) 1099 showing California income tax withheld.

Line 38 – California Income Tax Withheld

Enter the total California income tax withheld from your:

- Form(s) W-2, box 18;
- Form(s) W-2G, box 14;
- Form(s) 1099-MISC, box 11; or
- Form(s) 1099-R, box 10.

Caution: Do not include city or county tax withheld or tax withheld by other states.

If you also received Form(s) 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, real estate sales and partnership distributions, include the amount(s) withheld in the total on line 38 and attach a copy of the Form 1099 to your return.

Line 39 – 2000 CA Estimated Tax

Enter the total of any:

- California estimated tax payments you made using 2000 Form 540-ES;
- Overpayment from your 1999 California income tax return that you applied to your 2000 estimated tax;
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541).

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid or you may each claim a part of it. Attach a statement, signed by you and your spouse, explaining how you want your payments divided. Show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments were made under both social security numbers.

Line 41 – Excess California SDI (or VPDI) Withheld

If California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer, at more than .5% of your gross wages between 1/1/00 and 3/31/00 and/or .7% of your gross wages between 4/1/00 and 12/31/00, you may not claim excess SDI (or VPDI) on your Form 540. Contact the employer for a refund.

You may be entitled to claim a credit for excess SDI (or VPDI) only if you meet all of the following conditions:

- You had **two or more** employers during 2000;
- You received more than \$46,327 in wages; and
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540.

Follow the instructions below to figure the amount to enter on line 41.

Excess SDI (or VPDI) Worksheet		
	You	Your Spouse
1. Maximum wage base	\$46,327	\$46,327
2. Enter the amount of your paid wages* that had SDI (or VPDI) withheld between 1/1/00 and 3/31/00		
3. Enter the smaller of line 2 or \$46,327		
4. Subtract line 3 from line 1		
5. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2		
6. Multiply line 3 by .5% (.005)		
7. Multiply line 4 by .7% (.007)		
8. Add line 6 and line 7		
9. Excess SDI (or VPDI) withheld. Subtract line 8 from line 5. Enter the result here and enter on Form 540, line 41.		
Note: If zero or less, enter zero		

*Use your pay stubs to compute your wages paid from January 1, 2000 through March 31, 2000. If you do not have your pay stubs, you may estimate this amount. This amount is subject to verification.

Line 42 through line 45 – Child and Dependent Care Expenses Credit

If your adjusted gross income is \$100,000 or less, you may be able to claim this credit if you qualified for the federal credit for child and dependent care expenses. To claim this credit:

- Complete federal Form 2441, or federal Schedule 2 (Form 1040A);
- Complete line 42 through line 45 on Form 540; and
- Attach a copy of your federal Form 2441, or federal Schedule 2 (Form 1040A), to your California return.

Line 42 and 43

Enter the qualifying person's social security number. If you have more than two qualifying persons, attach a copy of the statement you included with your federal Form 2441, or federal Schedule 2 (Form 1040A), listing the additional name(s) and social security number(s).

Line 44

Enter the amount of your federal child and dependent care expenses credit from the federal Form 2441, line 9, or federal Schedule 2 (Form 1040A), line 9. (**Exception:** If your federal credit was limited by the federal tax amount, enter the federal credit amount you computed before applying the limitation.)

Line 45

Use the following worksheet to calculate the California credit.

1. Enter the amount from Form 540, line 44 1 _____
2. Enter the percentage listed below: 2 _____
 If your adjusted gross income from Form 540, line 17 is:
 • \$40,000 or less 63% (.63)
 • Over \$40,000 but not over \$70,000 53% (.53)
 • Over \$70,000 but not over \$100,000 ... 42% (.42)
 • Over \$100,000 -0% (-0-)
3. Multiply the amount on line 1 by the amount on line 2. Enter here and on Form 540, line 45 3 _____

Step 9 –Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 47 through line 50.

Line 47 – Overpaid Tax

If the amount on line 46 is more than the amount on line 37, your payments and credits are more than your tax. Subtract the amount on line 37 from the amount on line 46. Enter the result on line 47.

Line 48 – Amount You Want Applied to Your 2001 Estimated Tax

You may apply all or part of the amount on line 47 to your estimated tax for 2001. Enter on line 48 the amount of line 47 that you want applied to 2001.

Line 49 – Overpaid Tax Available This Year

If you entered an amount on line 48, subtract it from the amount on line 47. Enter the result on line 49. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make other voluntary contributions from this amount. If you make a contribution, skip line 50 and go to Step 10.

Line 50 – Tax Due

If the amount on line 46 is less than the amount on line 37, subtract the amount on line 46 from the amount on line 37. Enter the result on line 50. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 50 is \$200 or more (\$100 or more if married filing separate); and

- The amount of state income tax withheld on line 38 is less than 80% of the amount of your total tax on line 37.

If you owe a penalty, the Franchise Tax Board will figure the penalty and send you a bill.

Step 10 –Contributions

You may make contributions to the funds listed on Form 540, Side 2, Step 10. See page 20 for a description of the funds.

Step 11 –Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Line 65 – Refund or No Amount Due

If you did not enter an amount on line 64, enter the amount from line 49 on line 65. This is the amount that will be refunded to you. If it is less than \$1, you must attach a written statement to your Form 540 requesting the refund.

If you entered an amount on line 64, subtract the amount on line 64 from the amount on line 49. If the result is zero or more, enter it on line 65. To have your refund directly deposited into your bank account, go to Step 13, Direct Deposit Information, then skip to the instructions for Step 12.

If the result is less than zero, your contributions are more than your overpaid tax available on line 49. In this case, do not enter an amount on line 65. Instead, subtract the amount on line 49 from the amount on line 64. Enter the result on line 66 and see the instructions for line 66.

Want a fast refund? Get your refund in 10 days or less when you e-file your return. See the e-file insert in the middle of this booklet for more information.

Line 66 – Amount You Owe

If you did not enter an amount on line 64, enter the amount from line 50 on line 66. This is the amount you owe with your Form 540, before interest and penalties.

If you entered an amount on line 64, add that amount to the amount on line 50. Enter the result on line 66. This is the amount you owe with your Form 540, before interest and penalties.

To avoid a late filing penalty, file your Form 540 by the due date even if you cannot pay the amount you owe.

Do not combine your 2000 tax payment and any 2001 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

Paying by Check or Money Order – See page 6, Helpful Hints, “Attachments to your return.”

Paying by Credit Card – For information about paying using your Discover/NOVUS, MasterCard, or American Express card, see the insert in the middle of this booklet for more information.

If you cannot pay the full amount shown on line 69 with your return, you may request approval to make monthly payments. See “Payment Options” on page 3 and page 22, question 4.

Step 12 –Interest and Penalties

If you file your return or pay your tax after the due date, you may owe interest and penalties on the tax due.

Note: Do not reduce the amount on line 47 or increase the amount on line 50 by any penalty or interest amounts. Enter on line 67 the amount of interest and penalties.

Line 67 – Interest and Penalties

Interest. Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within 15 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

Late Filing of Return. The maximum total penalty is 25% of the tax not paid if the return is filed after October 15, 2001. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

Late Payment of Tax. The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid.

Other Penalties. There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

Line 68 – Underpayment of Estimated Tax

If line 50 is \$200 (\$100 if married filing separate) or more **and** more than 20% of the tax shown on line 34 (excluding the tax on lump-sum distributions on line 23), **or** you underpaid your 2000 estimated tax liability for any payment period, you may owe a penalty. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or to see if you owe a penalty and to figure the amount of the penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen). If you complete one of these forms, be sure to attach it to the front of your Form 540 on top of any check, money order, Form W-2, Form 1099, or special documentation. Enter the amount of the penalty on line 68 and fill in the correct circle on line 68. You must complete and attach the form if you claim a waiver, use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

See page 2, “Important due dates,” for more information on estimated tax payments and how to avoid the underpayment penalty.

See the instructions for line 69 for information about figuring your payment, if any.

Line 69 – Total Amount Due

Is there an amount on line 66?

Yes Add line 66, line 67, and line 68. Enter the result and make your check or money order for this amount.

No Go to the next question.

Is there an amount on line 65?

Yes Add line 67 and line 68. If the result is:

- Less than line 65, your refund will be reduced by this amount when your return is processed. Do not enter an amount on line 69.
- More than line 65, subtract line 65 from the sum of line 67 and line 68 and enter the result. Make your check or money order for this amount.

No Add line 67 and line 68 and enter the result.

Line 70 – 2001 Tax Forms

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, fill in the circle on line 70.

Step 13 –Direct Deposit Information

It's fast, safe, and convenient to have your refund directly deposited into your bank account. For further information, see page 11, Step 8.

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 6, Helpful Hints, for more information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See Innocent Spouse Relief, on page 60.

For information about Power of Attorney, visit our Website at:

www.ftb.ca.gov

Voluntary Contribution Fund Descriptions

You may make contributions to the California Seniors Special Fund or make other voluntary contributions of \$1 or more in whole dollar amounts.

If you are using:

- Form 540A, enter the amounts you want to contribute on the line for the fund on Side 2, Step 7. Enter the total contributions on line 37.
- Form 540, enter the amounts you want to contribute on the line for the fund on Side 2, Step 10. Enter the total contributions on line 64.

Code	Fund Name and Description	Code	Fund Name and Description
◀ 51 ▶	<p>California Seniors Special Fund. If you and/or your spouse are 65 years of age* or older and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$150 or \$75 per spouse. Contributions entered to this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.</p> <p>*If your 65th birthday is on January 1, 2001, you are considered to be age 65 on 12/31/00.</p>	◀ 58 ▶	<p>California Mexican American Veterans' Memorial. Contributions will be used to pay for the construction, beautification, enhancement, maintenance, or repair of the California Mexican American Veterans' Memorial.</p>
◀ 52 ▶	<p>Alzheimer's Disease/Related Disorders Fund. Contributions will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.</p>	◀ 59 ▶	<p>Emergency Food Assistance Program Fund. Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.</p>
◀ 53 ▶	<p>California Fund for Senior Citizens. Contributions will provide for Senior Citizens Adult Day Health Care Centers, nutrition centers, respite care, long-term care, senior citizen abuse prevention programs, Alzheimer day care programs, and the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide requirements of seniors and propose legislation in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.</p>	◀ 60 ▶	<p>California Peace Officer Memorial Foundation Fund. Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officers' Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.</p>
◀ 54 ▶	<p>Rare and Endangered Species Preservation Program. Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.</p>	◀ 61 ▶	<p>Birth Defects Research Fund. Contributions will be used to find causes of birth defects, which strike 1 of every 33 babies born each year. Birth defects are the leading cause of death and disability in children, yet in most cases, we don't know why they happen. Give now and help wipe out birth defects in our lifetime.</p>
◀ 55 ▶	<p>State Children's Trust Fund for the Prevention of Child Abuse. Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.</p>	◀ 62 ▶	<p>National World War II Veterans Memorial Trust Fund. Contributions will be used for the World War II Veterans Memorial in Washington, D.C.</p>
◀ 56 ▶	<p>California Breast Cancer Research Fund. Contributions will be used to conduct research relating to the prevention, screening, cure, and treatment of breast cancer.</p>	◀ 63 ▶	<p>California Lung Disease and Asthma Research Fund. Contributions will support the American Lung Association of California's scientific peer-reviewed research program that provides grants to develop and advance the understanding and causes of lung disease, the third leading cause of death. Find out more at www.californialung.org</p>
◀ 57 ▶	<p>California Firefighters' Memorial Fund. Contributions will be used to construct a memorial on the grounds of the State Capitol honoring hundreds of firefighters who have died protecting our communities, our families and our dreams. When the alarm sounded, these brave men and women answered the call with their lives. Their sacrifices, and the sacrifices of their families, deserve to be remembered.</p>		

Nonrefundable Renter's Credit Qualification Record



Tip If you e-file, the software will ask you the questions needed to determine if you qualify for this credit.

If you were a resident of California and paid rent on property in California which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify.

1. Were you a resident¹ of California for the entire year in 2000?

- YES.** Go to the next question.
- NO.** Stop. File Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. See "Order Forms and Publications" on the back cover.

2. Is the amount on Form 540A, line 14; or Form 540, line 17:

- \$26,599 or less if single or married filing separate; or
 - \$53,198 or less if married filing joint, head of household, or qualifying widow(er)?
- YES.** Go to the next question.
 - NO.** Stop here. You do not qualify for this credit.

3. Did you pay rent, for at least half of 2000, on property (including a mobile home that you owned on rented land) in California which was your principal residence?

- YES.** Go to the next question.
- NO.** Stop here. You do not qualify for this credit.

4. For more than half the year, did you live with, or are you a minor under the care of a parent, foster parent, or legal guardian who claimed you as a dependent in 2000:

- NO.** Go to the next question.
- YES.** Stop here. You do not qualify for this credit.

5. Was the property you rented exempt² from property tax in 2000?

- NO.** Go to the next question.
- YES.** Stop here. You do not qualify for this credit.

6. Did you or your spouse claim the homeowner's property tax exemption³ anytime during 2000?

- NO.** Skip question 7 and answer question 8.
- YES.** Go to question 7.

7. Did you and your spouse maintain separate residences for the entire year in 2000?

- YES.** The spouse that answered "Yes" to question 6 may not claim this credit. If the other spouse alone could have answered "No" to question 6, that person qualifies for the credit. Enter \$60 on line 8 below and on Form 540A, line 19, or on Form 540, line 31.
- NO.** Stop here. You do not qualify for this credit.

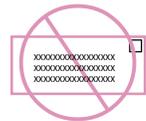
8. If you are:

- Single or married filing separate,⁴ enter \$60 below.
- Married filing joint, head of household, or qualifying widow(er), enter \$120 below and on Form 540A, line 19 or Form 540, line 31.

\$ _____

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2000 which qualified you for this credit.

Do Not Mail This Record



Street Address	City, State, and ZIP Code	Dates Rented in 2000 (From _____ to _____)
-----------------------	----------------------------------	---

a _____

b _____

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

Name	Street Address	City, State, ZIP Code, and Telephone Number
-------------	-----------------------	--

a _____

b _____

¹ Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse may claim this credit if he or she was a resident, did not live in military housing during 2000, and is otherwise qualified.

² Property exempt from property taxes. You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

³ Homeowner's property tax exemption. You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

⁴ Married filing separate returns. If you and your spouse file separate returns, lived in the same rental property and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

Frequently Asked Questions

1. What if I can't file by April 16, 2001, and I think I owe tax?

You must pay 100% of the amount you owe by April 16, 2001, to avoid interest and penalties. If you cannot file because you have not received all your Form(s) W-2, estimate the amount of tax you owe by completing form FTB 3519, Payment Voucher for Automatic Extension for Individuals on page 39. Mail it to the FTB with your payment by April 16, 2001. Then, when you receive all your Form(s) W-2, complete and mail your return by October 15, 2001 (you must use Form 540A or Form 540).

2. I did not get my Form W-2. What should I do?



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If you do not receive all your Forms W-2 by January 31, 2001, contact your employer. Only your employer can issue or correct a Form W-2. For more information, call (800) 338-0505, select personal income tax, then general information, and enter code 204 when instructed.

3. How can I get help?

There are more than 1,500 sites throughout California where trained volunteers provide free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. From January 2 through April 16, a list of locations is available on our Website at: www.ftb.ca.gov or you may call the FTB at (800) 852-5711 to find a location near you.

4. What do I do if I can't pay what I owe with my 2000 return?



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Pay as much as you can when you file your return. If you cannot pay your tax in full with your return, you can request to make monthly payments. However, you will be charged interest and may be charged an underpayment penalty on the tax not paid by April 16, 2001, even if your request to pay in installments is approved. To make monthly payments, complete form FTB 3567, Installment Agreement Request, and mail it to the address on the form. Do not mail it with your return.

The Installment Agreement Request might not be processed and approved until after your return is processed, and you may receive a bill before you receive approval of your request.

To order this form by phone, call (800) 338-0505, select personal income tax, then select order forms, and enter code 949. Or, go to our Website at: www.ftb.ca.gov

5. How long will it take to get my refund?



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If you file electronically, you will get the fastest possible refund. Your refund check will be in the mail within 7 to 10 calendar days (or if you request direct deposit, the refund will post to your bank account within 5 to 7 banking days) from the time the FTB receives your electronic return. For more information about electronic filing, go to our Website at: www.ftb.ca.gov or call (800) 338-0505, select personal income tax, then select general information, and enter code 112 when instructed.

If you do not electronically file your return, you should receive your refund check, or if you request direct deposit the refund should post to your account, within 6 to 8 weeks after you file your return.

6. I expected my refund by now, how can I check on the status?

You can check on the status of your refund over the Internet. Go to our website at: www.ftb.ca.gov

You can also call our automated phone service. See the back cover for more information.

7. I discovered an error on my tax return, what should I do?

If you discover that you made an error on your California income tax return after you filed it, use Form 540X, Amended Individual Income Tax Return, to correct your return. See "Order Forms and Publications" on the back cover.

8. The Internal Revenue Service (IRS) made changes to my federal return. What should I do?

If your federal income tax return is examined and changed by the IRS and you owe additional tax, you must report these changes to the FTB within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X to correct the California income tax return you already filed, or you may send a copy of the federal changes to:

ATTN RAR/VOL, AUDIT SECTION
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information. See "Order Forms and Publications" on the back cover.

Note: You do not have to file Form 540X if the changes do not affect your California tax liability.

9. How long should I keep my tax information?

The Franchise Tax Board (FTB) may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or four years from the date the return is filed. (Exception: An extended statute of limitations period may apply for California or federal tax returns that are related to or subject to a federal audit.)

Keep a copy of your return and the records that verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the property.

10. I will be moving after I file my return. How do I notify the FTB of my new address?

You can notify the FTB of your new address by using form FTB 3533, Change of Address. This form is available on our website (www.ftb.ca.gov) as a fillable form or you may call (800) 852-5711 and select option 5 to report a change of address.

After filing your return, you should report a change of address to us for up to 4 years, especially if you leave the state and no longer have a requirement to file a California return.

Tax Information for Head of Household Filing Status

Introduction

You may think of yourself as the head of your household, but you may not qualify for the head of household filing status under state and federal tax laws. The legal requirements for the filing status are more complicated than simply being the head of the household.

The head of household filing status provides a lower tax rate and a higher standard deduction than either single or married filing separate statuses. If you are married, the married filing joint status normally provides the lowest tax rate and highest standard deduction. If you use the head of household filing status and are not qualified to do so, you may be subject to additional tax, interest, and any penalties that may apply. By using the appropriate self-test provided in this publication, you should know if you qualify.

To find out if you qualify, read the General Rules below, then read the Self-Test Instructions in the next column. As you read the General Rules and the Self-Test, you will see that certain terms are underlined. For each underlined term, there is a **definition** in the section following the self-test. Even if you think you know the meaning of a term, you should read the **legal definition** as it applies to the head of household filing status.

General Rules

You are entitled to the head of household filing status only if **ALL** the following apply:

- ◇ You were unmarried or considered unmarried on the last day of the year, and
- ◇ You paid more than one-half the costs of keeping up your home for the year, and
- ◇ For more than half the year, your home was the main home for you and your qualifying relative who lived with you.

Note: If you, your spouse, or your qualifying relative who lived with you was absent from your home during the year, see temporary absence. Also, see Parent (Father or Mother).

- ◇ You were not a nonresident alien at any time during the year.

If any of the following applied, please refer to the definitions beginning on page 24.

- Annulment
- Death/birth
- Joint custody
- Multiple support agreement
- Parent (Father or Mother)
- Widow or Widower

Please note that if you use the head of household filing status on your federal tax return, you must also use it on your California tax return. However, if you incorrectly claimed the head of household filing status on your federal tax return, you should amend your

federal return to claim your correct filing status. You should then file your California tax return using your correct filing status.

Self-Test Instructions

Complete the self-test to see if you qualify to use the head of household filing status. Although there are three self-tests, only one will apply to you.

- Complete Self-Test 1, if you were **single and had never been married** as of the last day of the year.
- Complete Self-Test 2, if you were **married as of the last day of the year**.
- Complete self-Test 3, if you were **divorced or legally separated as of the last day of the year**.

Words that are underlined are defined beginning on page 24.

Self-Test 1 —

If you were SINGLE and had never been married as of the last day of the year, answer the questions below to see if you qualify.

1. Did your child (other than your foster child), grandchild, or adopted child live with you for more than half the year?
 - Yes. Go to question 8.
 - No. Go to question 2.
2. Did you have a dependent foster child living with you for the entire year?
 - Yes. Go to question 3.
 - No. Go to question 4.
3. Did the child's parent live with you and the child during the year?
 - Yes. Go to question 4.
 - No. Go to question 8.
4. Other than your child, grandchild, or dependent foster child, did you have a qualifying relative who was your dependent?
 - Yes. Go to question 5.
 - No. STOP; you do not qualify.
5. Was this person your parent (father or mother)?
 - Yes. Go to question 6.
 - No. Go to question 7.
6. Was your dependent parent a citizen or national of the U.S. or a resident of the U.S., Canada, or Mexico?
 - Yes. Go to question 8.
 - No. STOP; you do not qualify.
7. Did your qualifying relative live with you for more than half the year?
 - Yes. Go to question 8.
 - No. STOP; you do not qualify.
8. Did you pay more than half the cost of keeping up your home or the home of your dependent parent (father or mother) during the year?
 - Yes. You qualify to use the head of household filing status.
 - No. STOP; you do not qualify.

Self-Test 2 —

If you were MARRIED as of the last day of the year, answer the questions below to see if you qualify.

1. Are you filing a tax return separate from your spouse?
 - Yes. Go to question 2
 - No. STOP; you do not qualify.
2. Did you live with your spouse at ANY time during the last six months of the year?
 - Yes. STOP; you do not qualify.
 - No. Go to question 3.
3. Did you pay more than half the cost of keeping up your home during the year?
 - Yes. Go to question 4.
 - No. STOP; you do not qualify.
4. Did you have a dependent foster child living with you all year?
 - Yes. Go to question 6.
 - No. Go to question 5.
5. Did your dependent stepchild, adopted child, or natural child live with you during the year?
 - Yes. Go to question 7.
 - No. STOP; you do not qualify.
6. Did the child's parent live with you and the child during the year?
 - Yes. STOP; you do not qualify.
 - No. You qualify to use the head of household filing status.
7. Did you, your spouse, and your child live together for any part of the first six months of the year?
 - Yes. Go to question 8.
 - No. Go to question 9.
8. Did your child live with you for more than half the year? You may include half the time that you, your spouse, and your child lived together, and all of the time that you and your child lived together without your spouse.
 - Yes. You qualify to use the head of household filing status.
 - No. STOP; you do not qualify.
9. Did your child live with you for more than half the year?
 - Yes. You qualify to use the head of household filing status.
 - No. STOP; you do not qualify.

Self-Test 3 —

If you were DIVORCED or LEGALLY SEPARATED as of the last day of the year, answer the questions below to see if you qualify.

1. Did your child (other than your foster child), adopted child, stepchild, or grandchild live with you for more than half the year?
 - Yes. Go to question 7.
 - No. Go to question 2.

2. Did you have a dependent foster child living with you for the entire year?
 - Yes. Go to question 3.
 - No. Go to question 4.
3. Did the child's parent live with you and the child during the year?
 - Yes. Go to question 4.
 - No. Go to question 7.
4. Other than your child, adopted child, stepchild, grandchild, or dependent foster child, did you have a qualifying relative who was your dependent?
 - Yes. Go to question 5.
 - No. STOP; you do not qualify.
5. Was this person your parent (father or mother)?
 - Yes. Go to question 6.
 - No. Go to question 7.
6. Was your dependent parent (father or mother) a citizen or national of the U.S. or a resident of the U.S., Canada, or Mexico?
 - Yes. Go to question 10.
 - No. STOP; you do not qualify.
7. Did you, your spouse (ex-spouse), and the person who may qualify you for the head of household filing status live together during the year?
 - Yes. Go to question 8.
 - No. Go to question 9.
8. Did the person who may qualify you live with you for more than half the year? You may include one half the time that you, your spouse (ex-spouse), and the qualifying person lived together, and all of the time that you and the qualifying person lived together without your spouse.
 - Yes. Go to question 10.
 - No. STOP; you do not qualify.
9. Did the person who may qualify you live with you for more than half the year?
 - Yes. Go to question 10.
 - No. STOP; you do not qualify.
10. Did you pay more than half the cost of keeping up your home or the home of your dependent parent (father or mother) during the year?
 - Yes. You qualify to use the head of household filing status.
 - No. STOP; you do not qualify.

Definitions of Terms

Adopted Child

Before legal adoption, a child is considered your child if he or she was placed with you for adoption by an authorized agency. The child must have been a member of your household. If the child was not placed with you by such an agency, the child will meet this test only if he or she was a member of your household for the entire year. A child whom you legally adopted is considered your child by blood.

Annulment

If you were married in the tax year but the marriage was later annulled, you are treated as having been unmarried during the year.

Child

A child qualifying you for the head of household filing status must be your child, grandchild (a grandchild does not qualify you if you are married), stepchild, adopted child, or foster child who is:

- Single as of the last day of the year, and whom you can claim as your dependent. If you are unmarried, you do not have to be able to claim the child as your dependent unless the child was your foster child. If the child is your foster child, you must be able to claim this child as your dependent and the child must have lived with you for the entire year.
- Married as of the last day of the year. You must be able to claim the child as your dependent. However, if your married child's other parent claims the child under rules for noncustodial parent, you do not have to be able to claim the child as your dependent.

Considered Unmarried

If you were married on the last day of the tax year or if your spouse died during the tax year, you may be considered unmarried for head of household purposes if you meet **all** of the following requirements:

- You filed a tax return separate from your spouse's tax return;
- You paid more than half the cost of keeping up your home for the year;
- Your spouse did not live in your home at any time during the last six months of the year (see Temporary Absence); and
- Your home was the main home of your dependent child, stepchild, or adopted child for more than half the year or your dependent foster child for the entire year.

You can still meet this requirement if you cannot claim your child as your dependent only because:

- You, as the child's custodial parent, stated in writing to the noncustodial parent that the noncustodial parent may claim the dependent exemption credit to which you were entitled; or
- The noncustodial parent provided at least \$600 of support for the child and claimed an exemption for the child under a pre-1985 decree of divorce or separation, or a pre-1985 written agreement.

Death or Birth

If the person whom you believe qualifies you to file as head of household is born or dies during the year, you may be able to claim the head of household filing status. You must have provided more than half the cost of keeping up a home that was the person's main home for more than half the year. However, the requirement that the home must have been the person's main home for more than half the year does not apply if the person was not alive for more than half the year. In that case, the home must have been the person's main home for the period that the person was alive during the year.

Dependent

For you to claim another person as your dependent, **all** the following five tests must be met:

1. Relationship or Member of Household Test
2. Citizenship Test
3. Joint Return Test
4. Gross Income Test
5. Support Test

Relationship or Member of Household Test. To meet this test, the person must be related to you **or** live with you for the entire year as a member of your household. If at anytime during the year the person was your spouse, you can not claim that person as a dependent. Please note: A person is not considered your relative simply because the person is a member of your household. See Qualifying Relative for a list of relatives who can meet this test.

Citizenship Test. To meet this test, for some part of the calendar year in which your tax year begins, the person must be a U.S. citizen or national, or a resident of the U.S., Canada, or Mexico.

Joint Return Test. Even if the other dependency tests are met, you are generally not allowed an exemption for your dependent if he or she files a joint federal tax return. You may take an exemption for a married dependent who files a joint federal return if **all** the following apply:

- Neither your dependent nor your dependent's spouse is required to file a federal return; and
- Neither your dependent nor your dependent's spouse would have a federal tax liability if they filed separate returns; and
- Your dependent and your dependent's spouse only file a joint federal return to get a refund of tax withheld.

Gross Income Test. Generally, you may not take an exemption for a dependent if that person had gross income equal to or more than the federal allowable dependent exemption amount for that particular year. That amount is \$2,800 for tax year 2000. For more information about gross income, see IRS Publication 17, *Your Personal Income Tax*.

This test does not apply if the person is your child and is under 19 years old or a full-time student under 24 years old.

For purposes of the Gross Income Test,

- A child is your son, stepson, daughter, stepdaughter, a legally adopted child, or a child placed with you by an authorized placement agency for your legal adoption. A foster child who was a member of your household for the entire year is also considered your child.
- Your child was a student if, during some part of each of five calendar months during the calendar year (not necessarily consecutive), he or she was:
 - A full-time student at a school that has a regular teaching staff, course of study, and a regularly enrolled student body in attendance, or
 - A student taking a full-time, on-farm training course given by a school described in the preceding paragraph, or by a state, county, or local government.

Support Test. You must provide more than half of a person's total support during the calendar year to meet the support test. To figure whether

you have provided more than half the support, you must compare the amount you contributed for the person's support to the entire amount of support the person received from all sources. All sources include tax exempt income such as social security benefits and Temporary Assistance for Needy Families (formerly Aid to Families with Dependent Children), and the person's own funds used for support. Your contribution may not include any part of the person's support that was paid by the person with the person's own wages, even if you paid the wages. The person's own funds are not support unless they are actually spent for support.

Also, see [Multiple Support Agreement](#). For more information regarding the dependent exemption, see IRS Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

Divorced

To be divorced, you must have a final judgement for dissolution of marriage that is effective by the last day of the tax year. Living apart from your spouse or filing a petition for divorce is not the same as having a final decree of divorce.

Foster Child

A foster child is a child who is in the care of a person or persons (other than the parents or adopted parents of the child) who care for the child as their own child. The foster relationship with the individual must have begun while the individual was a minor (i.e., under the age of 18). The circumstances under which the child became a member of the household does not affect his or her status as a foster child. A foster child may be considered your child by blood if you are entitled to a [dependent](#) exemption for the child, your home was the main home of the child for the entire year, and the child's parent did not live in your home. However, if a government or a tax-exempt child placement agency makes payments to you as a foster parent, the child cannot be claimed as your dependent and you will not qualify for the head of household filing status on the basis of this child.

Generally, if a child who was not your own child lived with you, and at the same time the child's parent lived with you, the child cannot be considered your foster child. Such a child cannot qualify you for the head of household filing status, even if the child lived with you during the entire year, you paid all of the household expenses, and you paid all of the child's support.

Joint Custody

If you have joint custody of your child, to qualify for the head of household filing status you must still meet all the requirements for the filing status. (See the General Rules on page 23.) These requirements include the following:

1. Your child must have lived with you for [more than half the year](#).
2. You must have paid more than half the cost of [keeping up your home](#).

Keeping Up Your Home

You are keeping up your home only if you pay more than half the cost of keeping up the home for the year. Generally, if two or more people keep up the same home, only one of the people could pay more than half the costs and qualify for the head of household filing status. If two or more families occupy the same dwelling but maintain separate finances, and each family does not contribute to the support of the other family, each family may be treated as keeping up a separate home. The taxpayer who provides more than half the cost of maintaining that separate home is treated as keeping up that separate home. To determine whether you paid more than half the cost of keeping up your home, complete the following worksheet.

Do not include costs of clothing, education, medical treatment, vacations, life insurance, transportation, rental value of a home you own, or value of your services or those of the person qualifying you as head of household. Temporary Assistance for Needy Families (formerly Aid to Families with Dependent Children) payments you use to keep up your home DO NOT count as amounts you paid.

Cost of Keeping Up Your Home

	Amount You Paid	Total Cost
Rent	\$	\$
Mortgage interest	\$	\$
Property taxes	\$	\$
Property insurance	\$	\$
Utilities	\$	\$
Upkeep/Repairs	\$	\$
Food consumed on the premises	\$	\$
Other household expenses	\$	\$
Totals	\$	\$
Minus total amount you paid		\$()
Amount others paid		\$

If the above results show that you paid more than half the total cost, you meet the requirement of keeping up your home.

Legally Separated

To be legally separated, you must be separated from your spouse under a final decree of legal separation that is effective by the last day of the tax year. A final decree of legal separation is not the same as an informal separation agreement, a petition for divorce or separation, or an interlocutory judgment for dissolution of marriage. Simply living apart from a spouse is not the same as being legally separated under a final decree of legal separation.

Main Home

For [more than half the year](#), your home must be your main home and the main home of the person who you believe qualifies you for head of household filing status. Generally, the location of your and the other person's main home is determined by where you and the other person actually live. You and the other person must have lived together in your home for more than half the year, except for temporary absences. (See [Parent \(Father or Mother\)](#) and [Temporary Absence](#).)

Married

If you are not unmarried under the situations shown under [Unmarried](#), you are married.

More Than Half the Year

Just because someone lived with you for six months does not mean that the person lived with you for more than half the year. A year has 365 days, and more than half the year is 183 days. (A leap year has 366 days, and more than half a leap year is 184 days.)

To determine how many days your home was a person's main home, follow these guidelines:

- If you were not married at any time during the year, count all of the days that the person lived with you in your home.
- If you were married at any time during the year and were divorced or legally separated as of the last day of the year, add together
 - Half the number of days that you, your spouse, and the person lived together and
 - All of the days that you and the person lived together in your home without your spouse (ex-spouse).
- If you were married as of the last day of the year, and you did not live with your spouse at any time during the last six months of the year, add together;
 - Half the number of days that you, your spouse, and the person lived together; and
 - All of the days that you and the person lived together in your home without your spouse.
- If you were married as of the last day of the year, and you lived with your spouse at any time during the last six months of the year, you cannot qualify for the head of household filing status.

Multiple Support Agreement

Sometimes no one provides more than half the support for an individual. Instead, two or more persons, each of whom would be able to take the exemption but for the support test (see [Dependent](#)), together provide more than half the individual's support. When this happens, those providing the support can agree that one of them who individually provides more than 10% of the individual's support can take the exemption for that individual.

If you can take an exemption for a person only because of a multiple support agreement, that person **cannot** qualify you for the head of household filing status.

National

A U.S. national is an individual who, although not a U.S. citizen, owes allegiance to the U.S. This includes American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens. For more information, refer to IRS Publication 519, *U.S. Tax Guide for Aliens*, or contact your local Immigration and Naturalization Service.

Noncustodial Parent

The parent who has custody of a child for the greater part of the year is the child's custodial parent. The custodial parent is generally treated as the parent who provides more than half the child's support.

The noncustodial parent will be treated as providing more than half the child's support if:

1. The custodial parent signs a written declaration (or IRS Form 8332) that he or she will not claim the exemption for the child and the noncustodial parent attaches this written declaration to his or her return; or
2. A decree or agreement went into effect after 1984 and it unconditionally states that the noncustodial parent can claim the child as a dependent; or
3. A decree or agreement executed before 1985 provides that the noncustodial parent is entitled to the exemption, and he or she provides at least \$600 for the child's support during the year, unless the pre-1985 decree or agreement is modified after 1984 to specify that this provision will not apply.

Nonresident Alien

If you were a nonresident alien during any part of the year, you may not qualify for head of household filing status even though you may meet all of the other rules for the filing status.

Nonresident Alien Spouse

You are unmarried for head of household purposes if your spouse was a nonresident alien at any time during the year and you do not choose to treat your nonresident alien spouse as a resident alien. Under these circumstances, your spouse is not your relative and cannot qualify you for the head of household filing status. However, you are married for head of household purposes if you have chosen to treat your spouse as a resident alien. For more information, refer to IRS Publication 519, *U.S. Tax Guide for Aliens*.

Parent (Father or Mother)

If you were unmarried, you may be eligible for the head of household filing status even if your father or mother did not live with you. However, your parent must have been a citizen or national of the United States, or a resident of the United States, Canada, or Mexico. You must be able to claim your parent as a dependent and you must have paid more than half the cost of keeping up a home that was your parent's main home for the entire year. Your parent's main home could have been his or her own home, such as a house or apartment, or could have been any other living accommodation.

Qualifying Relative

Whether a relative may be your qualifying relative for the head of household filing status is determined by your marital status on the last day of the year.

If you were married on the last day of the year only your child, adopted child, or stepchild for whom you are entitled to a dependent exemption credit may qualify you for the head of household filing status. (Also, see Unmarried, Considered Unmarried, and Foster Child.)

If you were unmarried on the last day of the year, any person who had the following relationship with you may qualify you for head of household filing status:

1. Your child, grandchild, stepchild, or adopted child (see Foster Child) who is:
 - a. Single as of the last day of the year; or
 - b. Married as of the last day of the year, if you are entitled to a dependent exemption credit for the child. If the only reason you are not entitled to a dependent exemption credit for your married child is because the child's other parent took a dependent exemption credit for the child under the special rules for a noncustodial parent, your married child may still qualify you for head of household filing status.
2. Any relative listed below for whom you may claim a dependent exemption credit.

Parent	Son-in-law
Grandparent	Daughter-in-law
Brother	Brother-in-law
Sister	Sister-in-law
Half Sister	Half Brother
Stepbrother	Stepsister
Stepmother	Stepfather
Mother-in-law	Father-in-law
Uncle*	Nephew+
Aunt*	Niece+

* An uncle or aunt may qualify you only if he or she is the brother or sister of your father or mother.

+ A nephew or niece may qualify you only if he or she is the child of your brother or sister.

Any of the relationships listed above that were established by marriage are not ended by death or divorce.

A person who is not one of the relatives listed above cannot qualify you for the head of household filing status. Cousins are descendants of a brother or sister of your parents and do NOT qualify under the relationship test as relatives.

Under no circumstances shall the same person be used to qualify more than one taxpayer for the head of household filing status for the same year.

Stepchild

A stepchild is not your natural child but is the natural or adopted child of your spouse. To have a stepchild, you must have at some time been married to the child's parent.

Temporary Absence

Even if you, your spouse, or your qualifying individual was temporarily absent from your home, you are considered to have occupied the same household. Temporary absences include those due to illness, education, business,

vacations, military service, and, in some cases, incarceration. If you or the qualifying individual were absent, it must have been reasonable to assume that you or your qualifying individual would return to the household after the temporary absence, and you must have continued to maintain a household in anticipation of the return.

Unmarried

You were unmarried if one of the following applied on the last day of the year:

- You had never married, or
- Your marriage was annulled and you did not marry after the annulment, or
- Your spouse died in a prior year and you did not remarry.
- You were legally divorced from your spouse under a final decree of divorce. Neither a petition for divorce nor an interlocutory decree of divorce is the same as a final decree of divorce. Until the final decree of divorce is issued, a married taxpayer remains married.
- You were legally separated from your spouse under a final decree of legal separation. A final decree of legal separation is not the same as an informal separation agreement, a petition for divorce or separation, or an interlocutory judgment for dissolution of marriage. Just living apart from your spouse is not the same as being legally separated under a final decree of legal separation.

If your spouse was a nonresident alien at any time during the year and you do not choose to treat your nonresident alien spouse as a resident alien, you are unmarried for head of household purposes.

Widow or Widower

The date of your spouse's death determines whether you were married or unmarried for tax purposes.

If your spouse died during the year, you are considered as married at the end of the year, unless your spouse was a nonresident alien spouse at some time during the year.

If your spouse died in a prior year and you have not remarried, you were unmarried.

Step 6 Overpaid Tax or Tax Due

24 Enter the amount from Side 1, line 23 24

25 California income tax withheld. See page 10 25

26 2000 California estimated tax and payment with form FTB 3519 and amount applied from 1999 return . 26

27 Excess SDI. See page 10 27

Child and Dependent Care Expenses Credit. See page 11.

● 28

● 29

■ 30 31

32 Total payments and credits. Add line 25, line 26, line 27, and line 31 32

33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 33

34 Enter the amount of line 33 you want applied to your 2001 estimated tax 34

35 Overpaid tax available this year. Subtract line 34 from line 33 35

36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24 36

Step 7 Contributions

CA Seniors Special Fund See page 20 ● 51	<input type="text"/>	00	CA Firefighters' Memorial Fund ● 57	<input type="text"/>	00
Alzheimer's Disease/Related Disorders Fund ● 52	<input type="text"/>	00	CA Mexican American Veterans' Memorial . . . ● 58	<input type="text"/>	00
CA Fund for Senior Citizens ● 53	<input type="text"/>	00	Emergency Food Assistance Program Fund ● 59	<input type="text"/>	00
Rare and Endangered Species Preservation Program ● 54	<input type="text"/>	00	CA Peace Officer Memorial Foundation Fund ● 60	<input type="text"/>	00
State Children's Trust Fund for the Prevention of Child Abuse ● 55	<input type="text"/>	00	Birth Defects Research Fund ● 61	<input type="text"/>	00
CA Breast Cancer Research Fund ● 56	<input type="text"/>	00	National World War II Veterans Memorial Trust Fund ● 62	<input type="text"/>	00
			CA Lung Disease and Asthma Research Fund ● 63	<input type="text"/>	00

37 Total contributions. Add all contributions shown above, enter the total here ● 37

Step 8 Refund or Amount You Owe

38 Subtract line 37 from line 35. You have a **REFUND** or **NO AMOUNT DUE**. Enter the result here. See page 11 38

39 Add line 36 and line 37. This is the **AMOUNT YOU OWE**. See page 12 39

40 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle 40

41 If you do **not** need California income tax forms mailed to you next year, fill in this circle . ● 41

Direct Deposit of Refund

Do not attach a voided check or deposit slip.
Fill in the boxes to have your refund directly deposited. Routing number ●

Account type:
Checking ● Savings ● Account number ●

Step 9

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **1**

Your signature _____ Spouse's signature (if filing joint, both must sign) _____ Daytime phone number ()

X _____ X _____ Date

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid Preparer's SSN/PTIN

Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN

Joint return? See page 12.

Step 6 Overpaid Tax or Tax Due

24 Enter the amount from Side 1, line 23 24

25 California income tax withheld. See page 10 25

26 2000 California estimated tax and payment with
form FTB 3519 and amount applied from 1999 return . 26

27 Excess SDI. See page 10 27

Child and Dependent Care Expenses Credit. See page 11.

• 28

• 29

30 31

32 Total payments and credits. Add line 25, line 26, line 27, and line 31 32

33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 33

34 Enter the amount of line 33 you want applied to your 2001 estimated tax 34

35 Overpaid tax available this year. Subtract line 34 from line 33 35

36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24 36

Step 7 Contributions

CA Seniors Special Fund See page 20 ● 51	<input type="text"/>	00	CA Firefighters' Memorial Fund ● 57	<input type="text"/>	00
Alzheimer's Disease/Related Disorders Fund ● 52	<input type="text"/>	00	CA Mexican American Veterans' Memorial . . . ● 58	<input type="text"/>	00
CA Fund for Senior Citizens ● 53	<input type="text"/>	00	Emergency Food Assistance Program Fund ● 59	<input type="text"/>	00
Rare and Endangered Species Preservation Program ● 54	<input type="text"/>	00	CA Peace Officer Memorial Foundation Fund ● 60	<input type="text"/>	00
State Children's Trust Fund for the Prevention of Child Abuse ● 55	<input type="text"/>	00	Birth Defects Research Fund ● 61	<input type="text"/>	00
CA Breast Cancer Research Fund ● 56	<input type="text"/>	00	National World War II Veterans Memorial Trust Fund ● 62	<input type="text"/>	00
			CA Lung Disease and Asthma Research Fund ● 63	<input type="text"/>	00

37 Total contributions. Add all contributions shown above, enter the total here ● 37

Step 8 Refund or Amount You Owe

38 Subtract line 37 from line 35. You have a **REFUND** or **NO AMOUNT DUE**.
Enter the result here. See page 11 38

39 Add line 36 and line 37. This is the **AMOUNT YOU OWE**. See page 12 39

40 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle 40

41 If you do **not** need California income tax forms mailed to you next year, fill in this circle . ● 41

Direct Deposit of Refund

Do not attach a voided check or deposit slip.
Fill in the boxes to have your refund directly deposited. Routing number ●

Account type:
Checking ● Savings ● Account number ●

Step 9

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **1**

Your signature _____ Spouse's signature (if filing joint, both must sign) _____ Daytime phone number _____
() +

X _____ X _____ Date

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid Preparer's SSN/PTIN _____ ●

Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

Joint return? See page 12.

California Resident Income Tax Return 2000

FORM

540

Fiscal year filers only: Enter month of year end: month _____ year 2001.

Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name		
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street including PO Box or rural route			Apt. no.	PMB no.
City, town, or post office			State	ZIP Code

P
AC
A
R
RP

Step 1a

SSN

Your social security number	Spouse's social security number

IMPORTANT:
Your social security number is required.

Step 2

Filing Status

Fill in only one.

- 1 Single
- 2 Married filing joint return (even if only one spouse had income)
- 3 Married filing separate return. Enter spouse's social security number above and full name here _____
- 4 Head of household (with qualifying person). STOP. See page 13.
- 5 Qualifying widow(er) with dependent child. Enter year spouse died _____.

Step 3

Exemptions

Attach check or money order here.

- 6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle 6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see page 13 7 X \$75 = \$ _____
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 X \$75 = \$ _____
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 X \$75 = \$ _____
- 10 Add line 7 through line 9. This is your total exemption credit before the dependent exemption credit 10 **Total** \$ _____
- 11 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.** _____
Total dependent exemption credit 11 X \$235 = \$ _____

Step 4

Taxable Income

Attach copy of your Form(s) W-2, W-2G, 1099-R, and other Forms 1099 showing California tax withheld.

- 12 State wages from your Form(s) W-2, box 17 12 _____
- 13 Enter federal adjusted gross income from Form 1040, line 33; Form 1040A, line 19; Form 1040EZ, line 4; or TeleFile Tax Record, line 1 13 _____
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 33, column B 14 _____
Caution: If the amount on Schedule CA (540), line 33, column B is a negative number, see page 13.
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 14 15 _____
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 33, column C 16 _____
Caution: If the amount on Schedule CA (540), line 33, column C is a negative number, see page 14.
- 17 California adjusted gross income. Combine line 15 and line 16 17 _____
- 18 Enter the larger of: 18 _____

}	Your California itemized deductions from Schedule CA (540), line 40; OR	}
	Your California standard deduction shown below for your filing status:	
	• Married filing joint, Head of household, or Qualifying widow(er) \$5,622	
• Single or Married filing separate \$2,811	(Dependent of someone else and filled in the circle on line 6 See page 14)	<input checked="" type="radio"/> 18
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 _____

Step 5

Tax

- 20 Tax. Fill in circle if from Tax Table Tax Rate Schedule FTB 3800 or FTB 3803 20 _____
Caution: If under age 14 and you have more than \$1,400 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.
- 21 Exemption credits. If your federal AGI is more than \$124,246, see page 14. Otherwise, add line 10 and line 11 and enter the result here 21 _____
- 22 Subtract line 21 from line 20. If less than zero, enter -0- 22 _____
- 23 Tax. Fill in circle if from Schedule G-1, Tax on Lump-Sum Distributions 23 _____
 form FTB 5870A, Tax on Accumulation Distribution of Trusts
- 24 Add line 22 and line 23. Continue to Side 2 24 _____

Your name _____ Your SSN: _____

Step 6

Special Credits and Nonrefundable Renter's Credit

25 Amount from Side 1, line 24 25

28 Enter credit name _____ code no _____ and amount ▶ 28

29 Enter credit name _____ code no _____ and amount ▶ 29

30 To claim more than two credits, see page 15 ● 30

31 Nonrefundable renter's credit. See page 15 for "Step 6" ● 31

33 Add line 28 through line 31. These are your total credits 33

34 Subtract line 33 from line 25. If less than zero, enter -0- 34

Step 7

Other Taxes

35 Alternative minimum tax. Attach Schedule P (540) ● 35

36 Other taxes and credit recapture. See page 17 ● 36

37 Add line 34 through line 36. This is your total tax ● 37

Step 8

Payments

38 California income tax withheld. See page 17 ■ 38

39 2000 CA estimated tax. See page 18 ■ 39

41 Excess SDI. See page 18 ■ 41

Child and Dependent Care Expenses Credit. See page 18

● 42 _____ / _____ / _____ ● 43 _____ / _____ / _____

■ 44 _____ ■ 45 _____

46 Add line 38, line 39, line 41, and line 45. These are your total payments 46

Step 9

Overpaid Tax or Tax Due

47 Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46 47

48 Amount of line 47 you want applied to your 2001 estimated tax ■ 48

49 Overpaid tax available this year. Subtract line 48 from line 47 ■ 49

50 Tax due. If line 46 is less than line 37, subtract line 46 from line 37 50

Step 10

Contributions

CA Seniors Special Fund. See page 20 ● 51	00	CA Firefighters' Memorial Fund ● 57	00
Alzheimer's Disease/Related Disorders Fund ● 52	00	CA Mexican American Veterans' Memorial ● 58	00
CA Fund for Senior Citizens ● 53	00	Emergency Food Assistance Program Fund ● 59	00
Rare and Endangered Species Preservation Program ● 54	00	CA Peace Officer Memorial Foundation Fund ● 60	00
State Children's Trust Fund for the Prevention of Child Abuse ● 55	00	Birth Defects Research Fund ● 61	00
CA Breast Cancer Research Fund ● 56	00	National World War II Veterans Memorial Trust Fund ● 62	00
		CA Lung Disease and Asthma Research Fund ● 63	00

64 Add line 51 through line 63. These are your total contributions ● 64

Step 11

Refund or Amount You Owe

65 **REFUND OR NO AMOUNT DUE.** Subtract line 64 from line 49. Mail to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 ■ 65

66 **AMOUNT YOU OWE.** Add line 50 and line 64. Mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 ■ 66

Step 12

Interest and Penalties

67 Interest, late return penalties, and late payment penalties 67

68 Underpayment of estimated tax. Fill in circle: ○ FTB 5805 attached ○ FTB 5805F attached ■ 68

69 Total amount due. See page 19 69

70 If you do **not** need California income tax forms mailed to you next year, fill in circle ● 70 ○

Step 13

Direct Deposit Information

Do not attach a voided check or a deposit slip.
Fill in the boxes to have your refund directly deposited. Routing number _____ ▶ ● _____

Type:
Checking ● Savings ● Account number _____ ▶ ● _____

Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See page 19.

IMPORTANT: See "Attachments to your return" on page 6 in the Form 540 instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. 1

Your signature _____ Daytime phone number _____
X _____ () _____
Spouse's signature (if filing joint, both must sign) _____
X _____ Date _____
Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid preparer's SSN/PTIN _____
Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

California Resident Income Tax Return 2000

FORM

540

Fiscal year filers only: Enter month of year end: month _____ year 2001.

Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name		
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street including PO Box or rural route			Apt. no.	PMB no.
City, town, or post office			State	ZIP Code

P
AC
A
R
RP

Step 1a SSN

Your social security number	Spouse's social security number

IMPORTANT:
Your social security number is required.

Step 2

Filing Status

Fill in only one.

- 1 Single
- 2 Married filing joint return (even if only one spouse had income)
- 3 Married filing separate return. Enter spouse's social security number above and full name here _____
- 4 Head of household (with qualifying person). STOP. See page 13.
- 5 Qualifying widow(er) with dependent child. Enter year spouse died _____.

Step 3

Exemptions

Attach check or money order here.

- 6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle 6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see page 13 7 X \$75 = \$ _____
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 X \$75 = \$ _____
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 X \$75 = \$ _____
- 10 Add line 7 through line 9. This is your total exemption credit before the dependent exemption credit 10 **Total** \$ _____

Dependent Exemptions

- 11 **Dependents:** Enter name and relationship. Do not include yourself or your spouse. _____
Total dependent exemption credit 11 X \$235 = \$ _____

Step 4

Taxable Income

Attach copy of your Form(s) W-2, W-2G, 1099-R, and other Forms 1099 showing California tax withheld.

- 12 State wages from your Form(s) W-2, box 17 12 _____
- 13 Enter federal adjusted gross income from Form 1040, line 33; Form 1040A, line 19; Form 1040EZ, line 4; or TeleFile Tax Record, line 1 13 _____
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 33, column B 14 _____
Caution: If the amount on Schedule CA (540), line 33, column B is a negative number, see page 13.
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 14 15 _____
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 33, column C 16 _____
Caution: If the amount on Schedule CA (540), line 33, column C is a negative number, see page 14.
- 17 California adjusted gross income. Combine line 15 and line 16 17 _____
- 18 Enter the larger of:

}	Your California itemized deductions from Schedule CA (540), line 40; OR
	Your California standard deduction shown below for your filing status:
	• Married filing joint, Head of household, or Qualifying widow(er) \$5,622
	• Single or Married filing separate \$2,811

(Dependent of someone else and filled in the circle on line 6 See page 14) 18 _____
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 _____

Step 5

Tax

- 20 Tax. Fill in circle if from Tax Table Tax Rate Schedule FTB 3800 or FTB 3803 20 _____
Caution: If under age 14 and you have more than \$1,400 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.
- 21 Exemption credits. If your federal AGI is more than \$124,246, see page 14. Otherwise, add line 10 and line 11 and enter the result here 21 _____
- 22 Subtract line 21 from line 20. If less than zero, enter -0- 22 _____
- 23 Tax. Fill in circle if from Schedule G-1, Tax on Lump-Sum Distributions 23 _____
 form FTB 5870A, Tax on Accumulation Distribution of Trusts
- 24 Add line 22 and line 23. Continue to Side 2 24 _____

Your name _____ Your SSN: _____

Step 6

Special Credits and Nonrefundable Renter's Credit

25 Amount from Side 1, line 24 25

28 Enter credit name _____ code no _____ and amount ▶ 28

29 Enter credit name _____ code no _____ and amount ▶ 29

30 To claim more than two credits, see page 15 ● 30

31 Nonrefundable renter's credit. See page 15 for "Step 6" ● 31

33 Add line 28 through line 31. These are your total credits 33

34 Subtract line 33 from line 25. If less than zero, enter -0- 34

Step 7

Other Taxes

35 Alternative minimum tax. Attach Schedule P (540) ● 35

36 Other taxes and credit recapture. See page 17 ● 36

37 Add line 34 through line 36. This is your total tax ● 37

Step 8

Payments

38 California income tax withheld. See page 17 ■ 38

39 2000 CA estimated tax. See page 18 ■ 39

41 Excess SDI. See page 18 ■ 41

Child and Dependent Care Expenses Credit. See page 18

● 42 _____ / _____ / _____ ● 43 _____ / _____ / _____

■ 44 _____ ■ 45 _____

46 Add line 38, line 39, line 41, and line 45. These are your total payments 46

Step 9

Overpaid Tax or Tax Due

47 Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46 47

48 Amount of line 47 you want applied to your 2001 estimated tax ■ 48

49 Overpaid tax available this year. Subtract line 48 from line 47 ■ 49

50 Tax due. If line 46 is less than line 37, subtract line 46 from line 37 50

Step 10

Contributions

CA Seniors Special Fund. See page 20 ● 51	00	CA Firefighters' Memorial Fund ● 57	00
Alzheimer's Disease/Related Disorders Fund ● 52	00	CA Mexican American Veterans' Memorial ● 58	00
CA Fund for Senior Citizens ● 53	00	Emergency Food Assistance Program Fund ● 59	00
Rare and Endangered Species Preservation Program ● 54	00	CA Peace Officer Memorial Foundation Fund ● 60	00
State Children's Trust Fund for the Prevention of Child Abuse ● 55	00	Birth Defects Research Fund ● 61	00
CA Breast Cancer Research Fund ● 56	00	National World War II Veterans Memorial Trust Fund ● 62	00
		CA Lung Disease and Asthma Research Fund ● 63	00

64 Add line 51 through line 63. These are your total contributions ● 64

Step 11

Refund or Amount You Owe

65 **REFUND OR NO AMOUNT DUE.** Subtract line 64 from line 49. Mail to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 ■ 65

66 **AMOUNT YOU OWE.** Add line 50 and line 64. Mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 ■ 66

Step 12

Interest and Penalties

67 Interest, late return penalties, and late payment penalties 67

68 Underpayment of estimated tax. Fill in circle: ○ FTB 5805 attached ○ FTB 5805F attached ■ 68

69 Total amount due. See page 19 69

70 If you do **not** need California income tax forms mailed to you next year, fill in circle ● 70 ○

Step 13

Direct Deposit Information

Do not attach a voided check or a deposit slip.
 Fill in the boxes to have your refund directly deposited. Routing number _____ ▶ ● _____

Type:
 Checking ● Savings ● Account number _____ ▶ ● _____

Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See page 19.

IMPORTANT: See "Attachments to your return" on page 6 in the Form 540 instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. 1

Your signature _____ Daytime phone number _____
 X _____ () _____
 Spouse's signature (if filing joint, both must sign) _____
 X _____ Date _____
 Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid preparer's SSN/PTIN _____
 Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

2000 California Adjustments – Residents

CA (540)

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return Social security number

Part I Income Adjustment Schedule

Table with columns A (Federal Amounts), B (Subtractions), and C (Additions). Rows include Section A - Income items like Wages, interest, dividends, and total income.

Section B - Adjustments to Income

Table for Section B adjustments including IRA deduction, student loan interest, medical savings account, and alimony paid.

Part II Adjustments To Federal Itemized Deductions

Table for Part II adjustments including federal itemized deductions, state and local taxes, and a choice between itemized deductions and the standard deduction.

2000

Depreciation and Amortization Adjustments

Do not complete this form if your California depreciation amounts are the same as federal amounts.

3885A

Name(s) as shown on return	Business or activity to which Form FTB 3885A relates	Social security number
----------------------------	--	------------------------

Part I Identify the activity as passive or nonpassive. (See instructions.)

1 This form is being completed for a passive activity. This form is being completed for a nonpassive activity.

Part II Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 12 of the worksheet in the instructions **2**

Part III Depreciation	(a) Description of property placed in service during 2000	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 2000 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) **4**

5 California depreciation for assets placed in service prior to 2000 **5**

6 Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5 **6**

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 **7**

8 a If line 6 is more than line 7, enter the difference here and see instructions **8a**

b If line 6 is less than line 7, enter the difference here and see instructions **8b**

Part IV Amortization	(a) Description of cost amortizable during 2000	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 2000 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) **10**

11 California amortization of costs that began before 2000 **11**

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 **12**

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 **13**

14 a If line 12 is more than line 13, enter the difference here and see instructions **14a**

b If line 12 is less than line 13, enter the difference here and see instructions **14b**

2000

California Capital Gain or Loss Adjustment

Do not complete this schedule if all of your California gains (losses) are the same as your federal gains (losses).

D

	(a) Description of property (Identify S corporation stock) Example 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
1a					
1b					

2 Net gain or (loss) shown on California Schedule(s) K-1 (541, 565, 568, and 100S) **2**

3 Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2d) **3**

4 Total 2000 gains from all sources. Add column (e) amounts of line 1a, line 1b, line 2, and line 3 **4**

5 2000 loss. Add column (d) amounts of line 1 and line 2 **5**

6 California capital loss carryover from 1999, if any. See instructions **6**

7 Total 2000 loss. Add line 5 and line 6 **7**

8 Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10 **8**

9 If line 8 is a loss, enter the smaller of:
(a) the loss on line 8; **or**
(b) \$3,000 (\$1,500 if married filing a separate return). See instructions ... **9**

10 Enter the amount from federal Form 1040, line 13 **10**

11 Enter the California gain from line 8 or loss from line 9 **11**

12 a If line 10 is more than line 11, enter the difference here and on Schedule CA (540 or 540NR) line 13, col. B **12a**

b If line 10 is less than line 11, enter the difference here and on Schedule CA (540 or 540NR), line 13, col. C **12b**

2000 California Adjustments — Residents

CA (540)

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return Social security number

Part I Income Adjustment Schedule

Table with columns A (Federal Amounts), B (Subtractions), and C (Additions). Rows include Section A - Income items like Wages, interest, dividends, and total income.

Section B - Adjustments to Income

Table with columns A, B, and C. Rows include adjustments like IRA deduction, student loan interest, medical savings account, and alimony paid.

Part II Adjustments To Federal Itemized Deductions

Table with rows 35-39 for federal itemized deductions and row 40 for a comparison between itemized deductions and the standard deduction.

2000

Depreciation and Amortization Adjustments

Do not complete this form if your California depreciation amounts are the same as federal amounts.

3885A

Name(s) as shown on return	Business or activity to which Form FTB 3885A relates	Social security number
----------------------------	--	------------------------

Part I Identify the activity as passive or nonpassive. (See instructions.)

1 This form is being completed for a passive activity. This form is being completed for a nonpassive activity.

Part II Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 12 of the worksheet in the instructions **2**

Part III Depreciation	(a) Description of property placed in service during 2000	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 2000 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) **4**

5 California depreciation for assets placed in service prior to 2000 **5**

6 Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5 **6**

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 **7**

8 a If line 6 is more than line 7, enter the difference here and see instructions **8a**

b If line 6 is less than line 7, enter the difference here and see instructions **8b**

Part IV Amortization	(a) Description of cost amortizable during 2000	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 2000 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) **10**

11 California amortization of costs that began before 2000 **11**

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 **12**

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 **13**

14 a If line 12 is more than line 13, enter the difference here and see instructions **14a**

b If line 12 is less than line 13, enter the difference here and see instructions **14b**

2000

California Capital Gain or Loss Adjustment

Do not complete this schedule if all of your California gains (losses) are the same as your federal gains (losses).

D

	(a) Description of property (Identify S corporation stock) Example 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
1a					
1b					

2 Net gain or (loss) shown on California Schedule(s) K-1 (541, 565, 568, and 100S) **2**

3 Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2d) **3**

4 Total 2000 gains from all sources. Add column (e) amounts of line 1a, line 1b, line 2, and line 3 **4**

5 2000 loss. Add column (d) amounts of line 1 and line 2 **5**

6 California capital loss carryover from 1999, if any. See instructions **6**

7 Total 2000 loss. Add line 5 and line 6 **7**

8 Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10 **8**

9 If line 8 is a loss, enter the smaller of:
(a) the loss on line 8; **or**
(b) \$3,000 (\$1,500 if married filing a separate return). See instructions **9**

10 Enter the amount from federal Form 1040, line 13 **10**

11 Enter the California gain from line 8 or loss from line 9 **11**

12 a If line 10 is more than line 11, enter the difference here and on Schedule CA (540 or 540NR) line 13, col. B **12a**

b If line 10 is less than line 11, enter the difference here and on Schedule CA (540 or 540NR), line 13, col. C **12b**

Instructions for Form FTB 3519

Payment Voucher for Automatic Extension for Individuals

General Information

- Use form FTB 3519 **only** if:
- You cannot file your 2000 return* by April 16, 2001; **and**
 - You owe tax for 2000.
- Use the worksheet below to determine if you owe tax.
- If you **do not** owe tax, there is nothing to file at this time and no need to complete or mail this voucher. But, you must file your return by October 15, 2001 to avoid a late-filing penalty. See Penalties and Interest for more information.
 - If you owe tax, complete the voucher at the bottom of this page. Then mail it and your check or money order to the Franchise Tax Board (FTB) by April 16, 2001, to avoid late-payment penalties. See Penalties and Interest for more information.
- Note:** You may also pay your tax by credit card. You will be charged a fee for this service. If you pay by credit card, do not mail the payment voucher to the FTB. Call (800) 272-9829 (ext. 1555) or visit the website: www.officialpayments.com

Name and Address. Be sure to fill in your complete name, address, and social security number on the voucher. If you lease a mailbox from a private business rather than from the United States Postal Service, enter your mailbox number in the field labeled "PMB no."

* When you do file your 2000 return, you can e-file. Go to www.ftb.ca.gov. Otherwise, you must use Form 540A, Form 540, or Form 540NR. **Note:** If you use form FTB 3519, you may not file Form 540 2EZ.

Penalties and Interest

Remember, an extension of time to file your return is not an extension of time to pay your tax. If you fail to pay your total tax liability by April 16, 2001, a late-payment penalty plus interest will be added to your tax due. If after April 16, 2001, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional tax with another form FTB 3519 voucher. If you do not file your return by October 15, 2001, you will be assessed a late-filing penalty plus interest from the original due date of the return.

Taxpayers Residing or Traveling Abroad

If you are living or traveling outside the United States on April 16, 2001, the deadline to file your return and pay the tax is June 15, 2001. Interest will accrue from the original due date (April 15, 2001) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six-month extension without filing a written request. To qualify for the extension, you must file your tax return by December 17, 2001. To avoid any late-payment penalties, you must pay 100% of your tax liability by June 15, 2001. When filing your return, be sure to attach a statement to the front indicating that you were "abroad on April 16, 2001."

TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax you expect to owe. This is the amount you expect to enter on Form 540A, line 23; Form 540, line 37; Form 540 2EZ, line 14; or Form 540NR, line 46	1	
2 Payments and credits:		
a California income tax withheld	2a	
b California estimated tax payments and amount applied from your 1999 return	2b	
c Other payments and credits, including any tax payments made with any previous form FTB 3519 voucher	2c	
3 Total tax payments and credits. Add line 2a, line 2b, and line 2c	3	
4 Tax due. Is line 1 more than line 3?	4	

- No. Stop here.** You have no tax due. **DO NOT MAIL THE PAYMENT VOUCHER.** Your return, when filed by October 15, 2001, will verify that you qualified for the extension.
- Yes.** Subtract line 3 from line 1. This is your tax due. Enter the tax due amount from line 4 as the "Amount of payment" on the form FTB 3519 voucher below. Fill in your name(s), address, and social security number(s), and separate the voucher from this page where it says "DETACH HERE." Make a check or money order payable to "Franchise Tax Board." Also write your social security number and "2000 FTB 3519" on the check or money order. Mail both the check or money order and the voucher to:

**FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0051**

✔ Keep this completed worksheet with your tax records.

----- DETACH HERE -----

TAXABLE YEAR

2000

Payment Voucher for Automatic Extension for Individuals

CALIFORNIA FORM

3519 (PIT)

Your first name	Initial	Last name	Your social security number
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
Present home address – number and street including PO Box or rural route			Apt. no.
			PMB no.
City, town, or post office			State
			ZIP Code

IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM

IF PAYMENT IS DUE, MAIL TO: FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0051

(Calendar year —
Due April 16, 2001)

Amount of payment

--	--	--	--	--	--	--	--	--	--	--	--

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visit our website:

www.ftb.ca.gov

2001 Instructions for Form 540-ES

Estimated Tax For Individuals

A Purpose

Use this form to figure and pay your estimated tax. **Estimated tax is the tax you expect to owe for 2001 after subtracting the tax you expect to have withheld and any credits you plan to take.** These estimated tax payments do not apply to your 2000 tax liability. Use these instructions and the 2001 Estimated Tax Worksheet to determine if you owe estimated tax for 2001 and to figure the required amount. If you need to make a payment for your 2000 tax liability, use form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

Generally, the required estimated tax amount is based on the lesser of 80% of the current year's tax or 100% of the prior year's tax. However, for tax years beginning on or after January 1, 2000, certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C, Limit on the Use of Prior Year's Tax, for more information.

B Who Must Make Estimated Tax Payments

Important note: California and federal estimated tax payment requirements are different.

Generally, you must make 2001 estimated tax payments unless:

- 80% or more of your 2000 tax was paid by withholding; or
- 80% or more of your 2001 California adjusted gross income (AGI) will be wages subject to withholding; or
- 80% or more of your 2001 tax will be paid by withholding; or
- Your tax for 2000 (after subtracting withholding and credits) was less than \$200 (\$100 if married filing separate); or
- Your tax for 2001 (after subtracting withholding and credits) will be less than \$200 (\$100 if married filing separate).

If you and your spouse paid joint estimated tax payments, but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payment(s). If you want the estimated tax payments to be divided, notify the FTB before the end of the tax year in which you wish to file separate returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATE CREDIT ALLOCATION M/S F-225
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

C Limit on the Use of Prior Year's Tax

Individuals whose 2000 adjusted gross income is more than \$150,000 (or \$75,000 if married filing separate), must figure estimated tax based on the lesser of 80% of their tax for 2001 or 105% of their tax for 2000. This rule does not apply to farmers or fishermen.

D When To Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The payment periods and due dates are:

For the payment period:	Due date:
January 1 through March 31, 2001	April 16, 2001
April 1 through May 31, 2001	June 15, 2001
June 1 through August 31, 2001	September 17, 2001
Sept. 1 through Dec. 31, 2001	January 15, 2002

Filing An Early Return In Place of the 4th Installment. If you file your 2001 tax return by January 31, 2002, and pay the entire balance due, you do not have to make your last estimated tax payment.

Annualization Option. If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2000 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. You are a farmer or fisherman when at least two-thirds of your 2000 or 2001 gross income is from farming or fishing. If you qualify as a farmer or fisherman, you may:

- Pay all of your estimated tax by January 15, 2002; or
- File your tax return for 2001 on or before March 1, 2002, and pay the total tax due. In this case, you need not make estimated tax payments for 2001. Use form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the front of your return.

Fiscal Year. If you file your return on a fiscal-year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If a due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

E How To Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 2000 California income tax return as a guide for figuring your 2001 estimated tax. **Caution:** If you filed Form 540 2EZ for 2000, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2000 California Resident Income Tax Booklet or the 2000 California Nonresident or Part-Year Resident Income Tax Booklet.

There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown on the right side of the voucher. Complete Form 540-ES using black or blue ink:

1. Print your name, address, and social security number in the space provided on Form 540-ES.
2. Complete the payment box of the voucher by entering the amount of the payment that you are sending. Your entry must match the amount you are sending. Be sure that the amount shown on line 19 of the Estimated Tax Worksheet has been reduced by any overpaid tax on your 2000 return that you chose to apply toward your 2001 estimated tax payment.
3. Paying your tax:
 - Check or money order – make your check or money order payable to “**Franchise Tax Board.**” Write your social security number and “Form 540-ES 2001” on it and mail to the address on the voucher.
 - Credit card – Call (800) 272-9829 or visit the website: www.officialpayments.com. You will be charged a fee for this service. **Do not mail** the voucher if you pay by credit card.
4. Complete the Record of Estimated Tax Payments for your files.
5. **Fiscal-year filers:** Enter the month of your fiscal-year end.

F Failure To Make Estimated Tax Payments

If you are required to make estimated tax payments and do not, or if you underpay any installment, a penalty will be assessed (with certain exceptions) on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. For more information, refer to the 2000 form FTB 5805.

2001 Estimated Tax Worksheet Keep this worksheet for your records.

Caution: • If you filed Form 540 2EZ for 2000, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2000 California Resident Income Tax Booklet or the 2000 California Nonresident or Part-Year Resident Income Tax Booklet; or
 • If your adjusted gross income (AGI) is over \$124,246, your itemized deductions and your exemption credits may be limited. See the instructions for Form 540 or Form 540NR for more information.

- 1 Residents:** Enter your estimated 2001 California AGI. **Nonresidents and part-year residents:** Enter your estimated 2001 total AGI from all sources **1** _____
- 2 a** If you plan to itemize deductions, enter the estimated total of your itemized deductions **2a** _____
b If you do not plan to itemize deductions, enter the standard deduction for your filing status:
 \$2,811 if you are single or married filing a separate return
 \$5,622 if you are married filing a joint return, head of household, or a qualifying widow(er) **2b** _____
c Enter the amount from line 2a or line 2b, whichever applies **2c** _____
- 3** Subtract line 2c from line 1 **3** _____
- 4** Tax. Figure your tax on the amount on line 3 using the 2000 tax table or tax rate schedule in the instructions for Form 540, Form 540A, or Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; or form FTB 3803, Parents' Election to Report Child's Interest and Dividends **4** _____
- 5 Residents:** Skip to line 6. **Nonresidents and part-year residents:**
a Compute this ratio: $\frac{\text{Estimated 2001 California AGI (using Form 540NR)}}{\text{Estimated 2001 AGI from all sources (using Form 540NR)}}$ = **5a** _____
b Multiply the amount on line 4 by the ratio on line 5a. Enter the result on line 5b **5b** _____
- 6 Residents:** Enter the exemption credit amount from the 2000 instructions for Form 540 or Form 540A **6** _____
Nonresidents or part-year residents: Multiply the total exemption credit from the 2000 instructions for Form 540NR by line 5a.
- 7 Residents:** Subtract line 6 from line 4. **Nonresidents or part-year residents:** Subtract line 6 from line 5b **7** _____
- 8** Tax on accumulation distribution of trusts. See instructions for form FTB 5870A **8** _____
- 9** Add line 7 and line 8 **9** _____
- 10** Credits for joint custody head of household, dependent parent, senior head of household, child and dependent care expenses, and long-term care **10** _____
Nonresidents and part-year residents: For the child and dependent care expenses credit, use the amount from your 2000 Form 540NR, line 54. For the other credits listed on line 10, multiply the total 2000 credit amount by the ratio on line 5a.
- 11** Subtract line 10 from line 9 **11** _____
- 12** Other credits (such as other state tax credit). See the 2000 instructions for Form 540, Form 540A, or Form 540NR **12** _____
- 13** Subtract line 12 from line 11 **13** _____
- 14** Interest on deferred tax from installment obligations under IRC Section 453 or 453A **14** _____
- 15** 2001 Estimated Tax. Add line 13 and line 14. Enter the result, but not less than zero **15** _____
- 16 a** Multiply line 15 by 80% (.80). Farmers and fishermen multiply line 15 by 66 2/3% (.6667) **16a** _____
b Enter 100% of the tax shown on your 2000 Form 540, line 34; Form 540A, line 23; or Form 540NR, line 43 **16b** _____
c Enter the amount from your 2000 Form 540, line 17; Form 540A, line 14; or Form 540NR, line 20 **16c** _____
d Is the amount on line 16c more than \$150,000 (\$75,000 if married filing a separate return)?
Yes. Go to line 16e. **No.** Enter the lesser of line 16a or line 16b. Skip line 16e and 16f and go to line 17 **16d** _____
e Multiply 105% (1.05) by the tax shown on your 2000 Form 540, line 34; Form 540A, line 23; or Form 540NR, line 43. Go to line 16f **16e** _____
f Enter the lesser of line 16a or line 16e and go to line 17 **16f** _____
- Caution:** Generally, if you do not prepay at least the amount on line 16d (or 16f if no amount on line 16d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 15 is as accurate as possible. If you prefer, you may pay 100% of your 2001 estimated tax (line 15).
- 17** California income tax withheld and estimated to be withheld during 2001 (include withholding on pensions, annuities, etc) **17** _____
- 18 Balance.** Subtract line 17 from line 16d (or line 16f if no amount on line 16d). If less than \$200 (or less than \$100, if married filing separate), you do not have to make a payment at this time **18** _____
- 19 Installment amount.** Divide the amount on line 18 by 4. Enter the result here and on each of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D **19** _____

Record of Estimated Tax Payments

Payment voucher number	(a) Date	(b) Amount paid	(c) 2000 overpayment applied	(d) Total amount paid and credited (add (b) and (c))
1		\$	\$	\$
2				
3				
4				
Total		\$	\$	\$

Instructions for Schedule CA (540)

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 1998 and the California Revenue and Taxation Code (R&TC).

General Information

Differences Between California and Federal Law

California legislation enacted in 1998 conforms California tax law to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170).

New Differences Between California and Federal Law for 2000:

- Education assistance. See the instructions for line 7.
- Interest received in conjunction with the refund of the smog impact fee. See the instructions for line 8.
- Reparation payments for individuals who were required to perform forced or slave labor during World War II. See the instructions for line 21f.

California law is the same as federal law in the following areas:

IRC Section 179 expense deduction

The maximum deduction amount is now \$20,000.

Roth IRAs

The contribution rules and distribution rules are the same.

Self-employed health insurance deduction

The percentage for 2000 is 60%.

Purpose

Use this schedule to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

Part I - Specific Line Instructions

Column A – Federal Amounts

Line 7 through Line 21 – Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21 (or on your federal Form 1040A, line 7 through line 14b; or on your federal Form 1040EZ line 1, line 2, and line 3). Also enter the following if applicable:

- The total IRA distribution received on line 15(a);
- The total pension or annuity distribution received on line 16(a); and
- The total social security retirement benefit received on line 20(a).

Line 22 – Total

Combine the amounts on line 7 through line 21.

Line 23 through Line 30 – Enter the same amounts you entered on your federal Form 1040, line 23 through line 30 (or your Form 1040A, line 16 and line 17).

Line 31a and Line 31b – Enter on line 31a the same amount you entered on your federal Form 1040, line 31a. Enter on line 31b the social security number and last name of the person to whom you paid alimony.

Line 32 – Add line 23 through line 31a. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 32 or if you claimed the foreign housing deduction from federal Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, enter the amount from Form 1040, line 32 on this line.

Line 33 – Total

Subtract line 32 from line 22.

Column B and Column C – Subtractions and Additions

Use these columns to enter subtractions and additions to the federal amounts in column A that are necessary because of differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

You may need one of the following FTB publications to complete column B and column C:

- 1001, Supplemental Guidelines to California Adjustments;
- 1005, Pension and Annuity Guidelines;
- 1031, Guidelines for Determining Resident Status; or
- 1032, Tax Information for Military Personnel.

To order a publication or form, see the back cover of your tax booklet.

Line 7 – Wages, Salaries, Tips, etc.

Generally, you will not make any adjustments on this line. If you did not receive any of the following types of income, make no entry on this line in either column B or column C.

Active duty military pay. Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

Ride-sharing benefits or sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act. California excludes these items from income. Enter in column B the amount of these benefits included in the amount in column A.

Income exempted by U.S. tax treaties (unless specifically exempt for state purposes also). If you excluded this income from your federal return, enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion under IRC Section 911, see the instructions for line 21. Get FTB Pub. 1001 for more information.

Exercising a California Qualified Stock Option (CQSO) does not result in compensation. To qualify: your earned income from the corporation granting the CQSO must be \$40,000 or less; the market value of the options granted to you must be \$100,000 or less; the total number of shares must be 1,000 or less; and, the corporation issuing the option must designate that the stock qualifies as a California qualified stock option at the time the option is granted. If you included in federal income an amount qualifying for this exclusion, enter that amount in column B.

Employer-provided meals. California law has not conformed to the federal provision that allows employees to exclude (and employers to deduct) the value of meals solely because the meals were provided to more than 50% of the employees. Check with your employer if you think that this might apply to you. If it does, enter in column C the amount of these benefits that were excluded for federal tax purposes.

Education assistance. Generally, California and federal law are the same regarding the exclusion from wages, up to \$5,250, for employer-provided education assistance. However, included as qualified expenses for California purposes, are the expenses for an employee to take graduate level courses in pursuit of a law, business, medical, or other advanced academic or professional degree. The graduate level courses must have begun on or after 1/1/00. Under federal law, graduate level courses do not qualify for the exclusion.

Enter in column B the qualified expenses paid or incurred by your employer for you to take such graduate level courses.

Line 8 – Taxable Interest Income

If you did not receive any of the kinds of income listed below, do not make an entry on this line in either column B or column C.

Enter in column B the interest you received from:

- U.S. saving bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion);
- U.S. Treasury bills, notes, and bonds;
- Any other bonds or obligations of the United States and its territories; or
- The state of California in conjunction with the refund of the smog impact fee if you were not allowed to deduct the smog impact fee when it was paid.

Get FTB Pub. 1001 if you received interest income from the following sources:

- Loans made in an enterprise zone (EZ); or
- Items listed above passed through to you from S corporations, trusts, partnerships, and limited liability companies (LLCs).

Do not make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b and which you received from:

- Non-California state bonds;
- Non-California municipal bonds issued by a county, city, town, or other local government unit;
- Obligations of the District of Columbia issued after December 27, 1973; and
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships, or LLCs.

Line 9 – Ordinary dividends

Generally, you will not make an adjustment on this line. However, certain mutual funds are qualified to pay “exempt-interest dividends” if at least 50% of their assets consist of tax-exempt government obligations. The portion of the exempt-interest dividend that is tax-exempt for federal purposes will be shown on your annual statement from the mutual fund. The federal information will be correct for California if the exempt-interest dividends are from California state or local obligations. If the California exempt-interest dividend amount is more than the federal exempt-interest dividend amount, enter the difference in column B.

Get FTB Pub. 1001 if you received dividends from:

- Noncash patronage dividends from farmers’ cooperatives or mutual associations;
- A federal S corporation that is a California C corporation;
- A controlled foreign corporation;
- Distributions of pre-1987 earnings from S corporations; or
- Undistributed capital gains for regulated investment company (RIC) shareholders.

Line 10 – State Tax Refund

California does not tax the state income tax refund you received in 2000. Enter in column B the amount of state tax refund you entered in column A.

Line 11 – Alimony Received

If you are a nonresident alien and received alimony that was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no entry on this line.

Line 12 – Business Income or (Loss)

Adjustments to federal business income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes, and you may need to make an adjustment to your business income or loss.

Adjustments are figured on form FTB 3885A, Depreciation and Amortization Adjustments, and are most commonly necessary because of the following:

- **Before January 1, 1987**, California did not allow depreciation under the federal accelerated cost recovery system. You must continue to figure California depreciation for those assets in the same manner as prior years.
- **On or after January 1, 1987**, California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. Refer to the bulleted list below.

Use form FTB 3801, Passive Activity Loss Limitation (PALS), to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C.

Use form FTB 3885A to figure the total adjustment for line 12 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Get FTB Pub. 1001 for more information about:

Income related to:

- Business, trade, or profession carried on within California that is an integral part of a unitary business carried on both within and outside California; or
- Pro-rata share of income received from a controlled foreign corporation by a U.S. shareholder.

Basis adjustments related to:

- Property acquired prior to becoming a California resident;
- Sales or use tax credit for property used in an EZ, Local Agency Military Base Recovery Area (LAMBRA), or Targeted Tax Area (TTA), or former LARZ;
- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation; or on or after 1/1/97 as a result of Pierce’s disease;
- Expenditures for tertiary injectants;
- Property placed in service on an Indian reservation after 1/1/94 and before 12/31/03;
- Amortization of pollution control facilities;
- Discharge of real property business indebtedness;
- Employer-paid child care program;
- Employer-paid child care plan;
- Vehicles used in an employer-sponsored ridesharing program;
- An enhanced oil recovery system;

- The cost of making a business accessible to disabled individuals;
- Property for which you received an energy conservation subsidy from a public utility on or after 1/1/95 and before 1/1/97; or
- Research and experimental expenditures.

Business expense deductions related to:

- Wages paid in an EZ, LAMBRA, Manufacturing Enhancement Area (MEA), or TTA;
- Certain employer costs for employees who are also enrolled members of Indian tribes;
- Abandonment or tax recoupment fees for open-space easements and timberland preserves;
- Club dues or payments made to a club that restricts membership or the use of its services or facilities on the basis of age, sex, race, religion, color, ancestry, or national origin;
- Lobbying expenses denied under IRC Section 162;
- Business located in an EZ, LAMBRA, or TTA;
- Research expense;
- Employer wage expense for the Work Opportunity Credit and Welfare-to-Work Credit;
- Pro-rata share of deductions received from a controlled foreign corporation by a U.S. shareholder;
- Interest paid on indebtedness in connection with company-owned life insurance policies;
- Premiums paid on life insurance policies, annuities or endowment contracts issued after 6/8/97 where the owner of the business is directly or indirectly a policy beneficiary; or
- Meals provided to more than 50% (but less than 100%) of employees on the employment premises for the employer’s convenience.

Line 13 – Capital Gain or (Loss)

Generally, you will not make any adjustments on this line if you do not have any of the items listed below. Use Schedule D, California Capital Gain or Loss Adjustment, only if you have differences from:

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202;
- Basis amounts resulting from differences between California and federal law in prior years;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs; or
- Capital loss carryover from your 1999 California Schedule D.

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987;
- Gain on sale or disposition of qualified assisted housing development to low-income residents or to specified entities maintaining housing for low-income residents;
- Undistributed capital gain for regulated investment company (RIC) shareholders;
- Gain or loss on the sale of property inherited before 1/1/87; or
- Capital loss carrybacks.

Line 14 – Other Gains or (Losses)

Generally, you will not make any adjustments on this line. However, the California basis of your other assets may be different from the federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property.

Line 15 – Total IRA Distributions

Generally, you will not make any adjustments on this line. However, there may be significant differences in the taxable amount of a distribution (including a distribution from conversion of a traditional IRA to a Roth IRA), depending on when you made your contributions to the IRA. Differences may also occur if you changed your residency status after you first began making contributions to your IRA or if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- Less than the amount taxable under federal law, enter the difference in column B; or
- More than the amount taxable under federal law, enter the difference in column C.

Get FTB Pub. 1005 for more information and worksheets for figuring the adjustment to enter on this line, if any.

Education (Ed) IRA – If column A includes a taxable distribution from an Ed IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs.

Line 16 – Total Pensions and Annuities

Generally, you will not make any adjustments on this line. However, if you received tier 2 railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the adjustments described below.

If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, and Trusts, etc.

Adjustments to federal income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the recovery period or amount used for federal purposes, and you may need to make an adjustment to your income or loss. For more information, see the instructions for Column B and Column C, line 12.

Use form FTB 3801, Passive Activity Loss Limitation (PALS), to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Get FTB Pub. 1001 for more information about accumulation distributions to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

Line 18 – Farm Income or (Loss)

Adjustments to federal income or loss you report in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes, and you may need to make an adjustment to your farm income or loss.

Use form FTB 3801, Passive Activity Loss Limitation (PALS), to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Line 19 – Unemployment Compensation

California does not tax unemployment compensation. Enter on line 19, column B the amount of unemployment compensation shown in column A. **Note:** Do not include qualified state tuition program earnings.

Line 20 – Social Security Benefits

California does not tax social security benefits or equivalent Tier 1 railroad retirement benefits. Enter in column B the amount of social security benefits or equivalent tier 1 railroad retirement benefits shown in column A.

Line 21 – Other Income

a. California Lottery Winnings. California does not tax California lottery winnings. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A. **Note:** Do not include lottery winnings from other states. They are taxable to California.

b. Disaster Loss Carryover from FTB 3805V. If you have a California disaster loss carryover from your 1999 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations, enter that amount as a positive number in column B.

c. Federal NOL deduction from Form 1040, line 21. If the amount on line 21 in column A includes a federal NOL, enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V to figure the allowable California NOL deduction.

d. NOL Carryover from FTB 3805V. The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. Use form FTB 3805V to figure the allowable California NOL deduction, and enter it as a positive number in column B.

Note: If your 1999 form FTB 3805V has both disaster loss carryovers and NOL carryovers, you will need to separately state these two amounts. See line 21b for disaster loss carryovers.

e. NOL deduction from FTB 3805Z, FTB 3806, or FTB 3807. Enter in column B the total NOL deduction figured on the following forms.

- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 4b;
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 2b; or
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, line 4b.

f. Other (describe).

Reward from a crime hotline. Enter in column B the amount of a reward authorized by a government agency, that you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A. **Note:** You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

Payments for alternative transportation (free or subsidized parking, alternative commute methods, monthly transit passes, etc.). Enter in column B the amount that you received from your employer, other than wages or salaries, for participating in an alternative transportation method and that is included in the amount on line 21 in column A. For more information, get FTB Pub. 1001.

Federal foreign earned income or housing exclusion. Enter in column C the amount deducted from federal income on Form 1040, line 21.

Beverage container recycling income. Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

Rebates from water agencies or suppliers. Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

Original issue discount (OID) for debt instruments issued in 1985 and 1986. In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal return and the amount reported for California purposes. **Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B. **Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f in column C.

Foreign income of nonresident aliens. Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

Cost-share payments received by forest landowners. Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

Qualified prizes with cash options. Enter in column C the lump-sum award or the value of an annuity awarded that was not included in federal gross income due to the special rule for cash options for receipt of qualified prizes.

Medical Savings Account (MSA) or a Medicare+ Choice MSA – If column A includes a taxable distribution from an MSA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs.

Reparation payments for individuals who were required to perform forced or slave labor during World War II. California law provides an income exclusion for any amounts received as reparation payments paid by the German Foundation known as Remembrance, Responsibility, and the Future, or any other source of humanitarian reparations made for purposes of redressing the injustice done to persons who were required to perform slave or forced labor during World War II. Enter in column B the amount of reparation payments included in the amount on line 21.

Line 22 – Total

Add line 7 through line 21f in column B and column C. Enter the totals on line 22.

Line 23 through Line 30 – Do not enter adjustments on these lines. California law is the same as federal law.

Line 31a – Alimony Paid

Enter the social security number and last name of the person to whom you paid alimony. **Note:** If you are a nonresident alien and did not deduct alimony on your federal return, enter the amount you paid in column C.

Line 32 – Add line 23 through line 31a in column B and column C. If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 32. Enter the amount and "Form 2555" or "Form 2555-EZ" on the dotted line next to line 32.

Line 33 – Total

Subtract line 32 from line 22 in column B and column C.

Transfer the amount from line 33:

- Column B to Form 540, Side 1, line 14; and
- Column C to Form 540, Side 1, line 16.

If you plan to itemize deductions, go to Part II.

Caution: If Schedule CA (540), line 33:

Column B is a negative number, do not transfer it to Form 540, line 14. Instead, transfer the amount as a positive number to Form 540, line 16; or

Column C is a negative number, do not transfer it to Form 540, line 16. Instead, transfer the amount as a positive number to Form 540, line 14.

Part II - Specific Line Instructions

Line 35 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Schedule A, lines 4, 9, 14, 18, 19, 26, and 27. **Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, first complete federal Schedule A. Then complete Schedule CA (540), Part II, line 35 through line 40.

Line 36 – State, Local, and Foreign Income Taxes

Enter the state and local income tax from federal Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax, and income or franchise tax paid by S corporations.

Line 38 – Other Adjustments

Adoption-Related Expenses. If you deducted adoption-related expenses on your federal Schedule A and are claiming the adoption cost credit for the same amounts on your Form 540, enter the amount of the adoption cost credit claimed as a negative number on line 38.

Mortgage Interest Credit. If you reduced your federal mortgage interest deduction by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 38.

Nontaxable Income Expenses. If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 38. You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 38.

Employee Business Expenses: If you completed federal Form 2106, Employee Business Expense (or Form 2106-EZ), also complete Form 2106 (or Form 2106-EZ, Unreimbursed Employee Business Expenses) using California amounts. Specific differences between California and federal law are shown below.

- **Assets placed in service before 1/1/87:** Figure expenses based on California law; and
- **Federal employees on temporary duty status:** California does not conform to the federal provision that expanded temporary duties to include prosecutive duties, in addition to investigative duties. Therefore, travel expenses paid or incurred in connection with temporary duty status (exceeding one year), involving the prosecution (or support of the prosecution) of a federal crime, should not be included when completing Form 2106 (or Form 2106-EZ) using California amounts.

Compare line 10 on both Forms 2106 (or line 6 if using Forms 2106-EZ). If the federal amount is larger, enter the difference as a negative number on line 38. If the California amount is larger, enter the difference as a positive number on line 38.

Investment Interest Expense. Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 38.

Gambling Losses. California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A as a negative number on line 38.

Federal Estate Tax. Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 38.

Generation Skipping Transfer Tax. Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A as a negative number on line 38.

Contribution of Appreciated Stock to a Private Foundation. For contributions made during 2000, enter the difference between the fair market value of the stock and the California basis as a negative number on line 38.

State Legislator's Travel Expenses. Under California law, deductible travel expenses for state legislators include only those incurred while away from their place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 38.

Charitable Contribution Carryover Deduction. If you are deducting a prior year charitable contribution carryover, and the California carryover is larger than the federal carryover, enter the additional amount as a positive number on line 38.

Casualty and Theft Losses for Income-producing Property. California law does not conform to the federal provision that allows taking the full deduction if a casualty or a theft loss occurs for income-producing property. For California purposes, the deduction is considered to be a miscellaneous itemized deduction and is subject to the 2% of AGI floor.

If you included a casualty or theft loss from income-producing property on federal Schedule A, line 27, and if:

- Schedule A, line 26 is more than zero, then no adjustment is necessary; or
- Schedule A, line 26 is zero, then;

1. Enter the total of the amounts on your federal Schedule A, line 26 and line 27 here 1 _____
2. Reduce Schedule A, line 27 by the amount of the casualty and theft loss deduction and enter the result here 2 _____
3. Recalculate Schedule A, line 20 through line 26 by including the casualty and theft loss deduction and enter here 3 _____
4. Add line 2 and line 3. Enter the result here 4 _____
5. Subtract line 4 from line 1 and include it as a negative number on line 38.

Line 40 – California Itemized Deductions

Is the amount on Form 540, line 13 more than the amount shown below for your filing status?

Single or married filing separate \$124,246
 Married filing joint or qualifying widow(er) \$248,494
 Head of household \$186,370

NO Transfer the amount from line 39 to line 40. Do not complete the worksheet.

YES Complete the Itemized Deductions Worksheet.

Itemized Deductions Worksheet	
1. Amount from Schedule CA (540), line 39	1 _____
2. Using California amounts, add the amounts on federal Schedule A, line 4, line 13, and line 19 plus any gambling losses included on line 27	2 _____
3. Subtract line 2 from line 1	3 _____
Note: If -0-, stop. Enter the amount from line 1 on Schedule CA (540), line 40.	
4. Multiply line 3 by 80%	4 _____
5. Amount from Form 540, line 13	5 _____
6. Enter the amount shown above for your filing status	6 _____
7. Subtract line 6 from line 5	7 _____
Note: If -0- or less, stop. Enter the amount from line 1 on Schedule CA (540), line 40.	
8. Multiply line 7 by 6% (.06)	8 _____
9. Compare line 4 and line 8. Enter the smaller amount here ..	9 _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter here and on Schedule CA (540), line 40	10 _____

Instructions for Form FTB 3885A

Depreciation and Amortization Adjustments

General Information

California legislation enacted in 1998 conforms California tax law to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). Get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information on differences between California and federal law for the following items:

- **Amortization of certain intangibles (IRC Section 197);**
- **Qualified Indian reservation property; and**
- **Grapevines subject to Phylloxera or Pierce's disease.**

Purpose

Use form FTB 3885A **only** if there is a difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed using federal law. California law and federal law have not always allowed the same depreciation methods, special credits, or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **Before 1/1/87.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS), and you must continue to figure California depreciation for those assets in the same manner as in prior years.
- **On or after 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993, and this causes the California basis or recovery periods to be different for some assets.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. You may also get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations, for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. Instead, see the instructions for Schedule CA (540 or 540NR), line 38.

Specific Line Instructions

Note: Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179), only once.

Part I Identify the Activity as Passive or Nonpassive

Line 1 – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801. **Caution:** Beginning in 1994, and for federal purposes only, rental real estate activities of persons in real property business are not automatically treated as passive activities. California did not conform to this provision.

Part II Election To Expense Certain Tangible Property

You may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Pub. 946, How to Depreciate Property. To do so, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2000, or have a carryover of unused cost from 1999. If you elect this

deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed for 2000 is \$20,000.

Complete the worksheet below to figure IRC Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. **Refer to federal Form 4562 for information.**

1	Maximum dollar limitation for California	1	\$ 20,000
2	Total cost of Section 179 property placed in service	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	5	
(a) Description of property		(b) Cost	(c) Elected cost
6			
7	Listed property (elected Section 179 cost)	7	
8	Total elected cost of Section 179 property. Add column (c), line 6 and line 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1999	10	
11	Enter the smaller of business income (not less than -0-) or line 5	11	
12	Section 179 expense deduction for California. Add line 9 and line 10, but do not enter more than line 11. Also enter the result on FTB 3885A, line 2	12	
13	Carryover of disallowed deduction to 2001. Add line 9 and line 10. Subtract line 12 from the result	13	

Part III Depreciation

Line 3 – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It will be the difference between line 6, column (b) and line 6, column (c) of the worksheet in Part II.

Line 8a and Line 8b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 8a or line 8b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 8a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 8b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Part IV Amortization

Line 9 – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Be sure to use the California basis and the California recovery period.

Line 14a and Line 14b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 14a or line 14b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 14a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 14b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Instructions for California Schedule D

California Capital Gain or Loss Adjustment

General Information

California legislation enacted in 1998 conforms California tax law to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). For example, California does not conform to the federal reduced capital gains tax rates. California taxes capital gains at the same tax rate as other types of income.

Note: California law now conforms to federal law for the Section 179 expense deduction. For 2000, the maximum amount is \$20,000.

Purpose

Use California Schedule D **only** if there is a difference between your federal capital gains and losses and your California capital gains and losses associated with the following:

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202;
- Disposition of property that was expensed or depreciated at some time during the period you owned it; California and federal depreciation and property expensing methods were different before 1987 and after 1/1/93, and caused a difference between the California and federal basis;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs;
- Distributed and undistributed capital gain dividends;
- Gain from involuntary conversion of capital assets not held for business profit; or
- Capital loss carryover from your 1999 California Schedule D.

For more information about the following, get FTB Pub. 1001:

- Disposition of property inherited before 1987;
- Disposition of S corporation stock acquired before 1987;
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specific entities maintaining housing for low-income residents; or
- Capital loss carryback.

Exclusion of Gain on Qualified Small Business Stock. California law (R&TC Section 18152.5) provides an exclusion (similar to the federal exclusion under IRC Section 1202) of 50% of the gain on the sale of qualifying small business stock originally issued after 8/10/93 that was held for more than 5 years. However, for California purposes, 80% of the issuing corporation's payroll must be attributable to employment located within California, and at least 80% of the value of the corporation's assets must be used by the corporation to actively conduct one or more qualified trades or businesses in California. See the Specific Line Instruction for Line 1b.

Installment Sales. If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E. Also, use that form if you received a payment in 2000, for an installment sale made in an earlier year. **Note:** You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

At-Risk Rules and Passive Activity Limitations. If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations.

Specific Line Instructions

Note: If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the instructions for line 1b.

Line 1a – List each capital asset transaction.

Column (a) – Description of Property. Describe the asset you sold or exchanged.

Column (b) – Sales Price. Enter in this column either the gross sales price or the net sales price. If you received a Form 1099-B, 1099-S, or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

Column (c) – Cost or Other Basis. In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c). If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

Depreciation Methods and Property Expensing

Before 1987, California law did not allow the use of ACRS and did not allow the use of an asset depreciation range 20% above or below the standard rate. Before 1999, California had different limits on the expensing of property under IRC Section 179. California law permits rapid write-off of certain property such as solar energy systems, pollution control devices, and property used in an Enterprise Zone, LAMBRA, Targeted Tax Area, or LARZ.

Inherited Property – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse, get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse, for more information.

S Corporation Stock – Prior to 1987, California law did not recognize S corporations and your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss, and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss, and distributions received during the time your stock qualified for federal S corporation treatment.

Special Credits – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

Line 1b – Section 18152.5 Exclusion. If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does not qualify for the California exclusion:** Complete column (a), column (b), and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in column (e).

Line 3 – Capital Gain Distributions. If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

Line 6 – 1999 California Capital Loss Carryover. Enter the amount of your 1999 California net capital loss that was more than the loss limitation.

Line 8 – Net Gain or Loss. If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a loss on line 8.

Use the worksheet on this page to figure your capital loss carryover to 2001.

Line 9 – If line 8 is a net capital loss, enter the smaller of the loss on line 8 or \$3,000 (\$1,500 if you are married filing a separate return).

Line 12a – Enter the difference on line 12a and on Schedule CA (540 or 540NR), line 13, column B.

For example:

Loss on line 10 is less than loss on line 11.

Federal loss on line 10 is	\$1,000
California loss on line 11 is	\$2,000
Subtract line 10 from line 11	\$1,000

Gain on line 10 and loss on line 11.

Federal gain on line 10 is	\$3,000
California loss on line 11 is	\$3,000
Add line 10 and line 11	\$6,000

Line 12b – Enter the difference on line 12b and on Schedule CA (540 or 540NR), line 13, column C.

For example:

Loss on line 10 is more than loss on line 11.

Federal loss on line 10 is	\$2,000
California loss on line 11 is	\$1,000
Subtract line 11 from line 10	\$1,000

Loss on line 10 and gain on line 11.

Federal loss on line 10 is	\$2,000
California gain on line 11 is	\$5,000
Add line 10 and line 11	\$7,000

California Capital Loss Carryover Worksheet

1. Loss from Schedule D, line 11, stated as a positive number	1
2. Amount from Form 540 or Form 540NR, line 17	2
3. Amount from Form 540 or Form 540NR, line 18	3
4. Subtract line 3 from line 2. If less than zero, enter as a negative amount	4
5. Combine line 1 and line 4. If less than zero, enter -0-	5
6. Loss from Schedule D, line 8	6
7. Enter the smaller of line 1 or line 5	7
8. Subtract line 7 from line 6. This is your capital loss carryover to 2001	8

Alternative Minimum Tax and Credit Limitations – Residents

Attach this schedule to Form 540.

Name(s) as shown on Form 540

Your social security number

Part I Adjustments and Preferences Important: See instructions for information regarding California/federal differences.

Table with 14 rows for adjustments and preferences, including items like medical expense, personal property taxes, and depreciation. Includes sub-rows a through o for detailed adjustments.

Part II Alternative Minimum Taxable Income (AMTI)

Table with 6 rows for AMTI calculation, including taxable income, NOL deduction, and alternative minimum taxable income.

Part III Exemption Amount and Alternative Minimum Tax (AMT)

Table with 5 rows for AMT calculation, including exemption amount based on filing status, tentative minimum tax, and final alternative minimum tax.

Part IV Credits that Reduce Tax Note: Be sure to attach your credit forms to Form 540.

1 Enter the amount from Form 540, line 24	1	
2 Enter the tentative minimum tax from Side 1, Part III, line 24	2	

Section A - Credits that reduce excess tax.

	(a) Credit amount	(b) Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
3 Subtract line 2 from line 1. If zero or less enter -0- and see instructions. This is your excess tax which may be offset by credits	3			
A1 Credits that reduce excess tax and have no carryover provisions.				
4 Code: 170 Credit for joint custody head of household	4			
5 Code: 173 Credit for dependent parent	5			
6 Code: 163 Credit for senior head of household	6			
7 Code: 214 Long-term care credit	7			
8 Code: 162 Prison inmate labor credit	8			
9 Code: 169 Enterprise zone employee credit	9			
10 Code: 212 Teacher retention credit	10			
11 Nonrefundable renter's credit	11			
A2 Credits that reduce excess tax and have carryover provisions. See instructions.				
12 Code: _____ Credit Name: _____	12			
13 Code: _____ Credit Name: _____	13			
14 Code: _____ Credit Name: _____	14			
15 Code: _____ Credit Name: _____	15			
16 Code: 188 Credit for prior year alternative minimum tax	16			
Section B - Credits that may reduce tax below tentative minimum tax.				
17 If Part IV, line 3 is zero, enter the amount from line 1. If line 3 is more than zero, enter the total of line 2 and the last entry in column (c).	17			
B1 Credits that reduce net tax and have no carryover provisions.				
18 Nonrefundable renter's credit	18			
19 Code: 212 Teacher retention credit	19			
B2 Credits that reduce net tax and have carryover provisions. See instructions.				
20 Code: _____ Credit Name: _____	20			
21 Code: _____ Credit Name: _____	21			
22 Code: _____ Credit Name: _____	22			
23 Code: _____ Credit Name: _____	23			
B3 Other state tax credit				
24 Code: 187 Other state tax credit	24			
Section C - Credits that may reduce alternative minimum tax.				
25 Enter your alternative minimum tax from Side 1, Part III, line 26	25			
26 Code: 180 Solar energy credit carryover from Section B2, column (d)	26			
27 Code: 181 Commercial solar energy credit carryover from Section B2, column (d)	27			
28 Adjusted AMT. Enter the balance from line 27, column (c) here and on Form 540, line 35	28			

Instructions for Schedule P (540)

Alternative Minimum Tax and Credit Limitations — Residents

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 1998, and to the California Revenue and Taxation Code (R&TC).

General Information

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170).

Generally, specific differences between California and federal law are noted in the instructions under the applicable line items. See General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion, for information regarding the California alternative minimum taxable income exclusion.

Changes You Should Note

New and expire credits:

- There are three new California credits for tax year 2000 that may be limited on Schedule P (540). They are the Long-Term Care Credit, the Natural Heritage Preservation Credit, and the Teacher Retention Credit.
- The Salmon and Steelhead Trout Habitat Restoration Credit will be repealed as of 12/1/2000.

Exemption amount for a child under age 14:

- For 2000, the exemption amount for a child under age 14 is the smaller of the regular AMT exemption amount or the sum of the child's earned income plus \$5,200.

A Purpose

California tax law gives special treatment to some items of income and allows deductions and credits for some items of expense. Many individuals who benefit from these provisions must pay at least a minimum amount of tax (AMT) and/or limit the amount of their credits.

Use Schedule P (540) to determine if:

- You owe AMT; and
- Your credits must be reduced or eliminated entirely. Your credits may be limited even if you do not owe AMT, so be sure to complete both Side 1 and Side 2 of Schedule P (540).

B Who Must File

Complete Schedule P (540) to see if AMT applies to you. Attach it to your return only if:

- You owe AMT; or
- You have certain credits (such as the credit for child adoption costs, etc.) that are limited by the amount in Part III, line 24 (or in some cases, line 26); or
- The total of Part I, line 7 through line 13 is negative and you would be liable for AMT without taking those lines into account; or
- Schedule P (540), Part II, line 19 is more than Part III, line 22, and you have one or more adjustments on line 4 or line 7 through line 13o.

C Record keeping

For the AMT, certain items of income, deductions, etc., receive different tax treatment than for the regular tax. Therefore, you need to refigure items for the AMT that you figured for the regular tax. In some cases, you may wish to do this by completing the applicable tax form a second time. If you do complete another form, do not attach it to your return, but keep it for your records.

For regular tax, some deductions may result in carryovers to future taxable years. Examples are investment interest expense, net operating loss, and capital loss. Because you may have to refigure these items for AMT, the carryover amount may be different for AMT than for regular tax. Although the carryovers that you figure for AMT do not affect the carryovers for regular tax, you must keep track of your AMT carryovers in order to complete your Schedule P (540) in future years.

D Partnerships, S Corporations, Limited Liability Companies (LLCs), Estates, or Trusts

If you are a partner in a partnership, a shareholder of an S corporation, or a member of an LLC, you must include your distributive share of adjustments and tax preference items shown on your Schedule K-1 (565), for partners; Schedule K-1 (100S), for shareholders; or Schedule K-1 (568) for members of an LLC. If you are a beneficiary of an estate or trust, you must include the AMT adjustment shown on your Schedule K-1 (541).

E Credit for Prior Year Alternative Minimum Tax

If you paid AMT in a prior year, you may be able to claim the credit for prior year AMT. Get form FTB 3510, Credit for Prior Year Alternative Minimum Tax—Individuals or Fiduciaries, to see if you qualify.

F Additional Information

For more information, get federal Form 6251, Alternative Minimum Tax—Individuals.

G Alternative Minimum Taxable Income (AMTI) Exclusion

A qualified taxpayer shall exclude income, positive and negative adjustments, and preference items attributable to any trade or business when figuring AMTI. These adjustments and preference items must also be excluded when calculating any deductions that may result in AMT carryovers. You are a qualified taxpayer if you:

- Own or have an ownership interest in a trade or business; and
- Have **aggregate gross receipts, less returns and allowances**, during the taxable year of less than \$1,000,000 from all trades or businesses for which you are the owner or have an ownership interest. Gross receipts may include, but are not limited to, items reported on federal Schedules C, D, E (other than income from a trust), or F and from federal Form 4797 (figured in accordance with California law), or California Schedule D-1 (if required to complete it) that are associated with a trade or business. In the case of an ownership interest, you include only the proportional share of gross receipts of any trade or business from a partnership, S corporation, regulated investment company (RIC), a real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC) in accordance with your ownership interest in the enterprise. Apply the \$1,000,000 test to the return regardless of filing status. The threshold does not become \$2,000,000 for married taxpayers filing joint.

“**Aggregate gross receipts, less returns and allowances**” means the sum of the gross receipts of the trades or businesses which you own and the **proportionate interest** of the gross receipts of the trades or businesses which you own and of pass-through entities in which you hold an interest.

“**Gross receipts, less returns and allowances**” means the sum of the gross receipts from the production of business income, as defined in R&TC Section 25120(a), and the gross receipts from the production of nonbusiness income, as defined in R&TC Section 25120(d).

“Proportionate interest” means:

1. In the case of a pass-through entity which reports a profit for the taxable year, your profit interest in the entity at the end of your taxable year.
2. In the case of a pass-through entity which reports a loss for the taxable year, your loss interest in the entity at the end of your taxable year.
3. In the case of a pass-through entity which is sold or liquidates during the taxable year, your capital account interest in the entity at the time of the sale or liquidation.

“Proportionate interest” includes an interest in a pass-through entity including a partnership, S corporation, RIC, REIT, or REMIC.

If you are a qualified taxpayer:

- In Part I, **do not** include any positive or negative adjustments or preference items attributable to any trade or business; and
- In Part II, line 17, enter all taxable income attributable to any trade or business.

Specific Line Instructions

Part I Adjustments and Preferences

If you itemized your deductions for California regular tax only and not for federal tax, use the amounts from the federal Schedule A (Form 1040) that you completed using California figures when these instructions refer to Schedule A.

Line 3 – Personal property taxes and real property taxes

Enter on this line any of the following from federal Schedule A (Form 1040), line 6, line 7, and line 8:

- State and local personal property taxes; and
- State, local, or foreign real property taxes.

Line 4 – Certain interest on a home mortgage

Enter home mortgage interest in which the proceeds were used for purposes other than buying, building, or improving your principal residence or a qualified dwelling that is your second home (see IRC Section 163(h)(5)). This may be all or part of the amount on federal Schedule A (Form 1040), line 10, line 11, or line 12.

Example 1: Gregory paid \$950 interest on a \$12,000 home equity loan used to buy a ski boat. He would enter \$950 on line 4 because the proceeds were not used to buy, build, or improve his home.

Example 2: Jackie paid \$1,200 interest on a \$15,000 home equity loan to install a swimming pool at her home. She would not make any entry on line 4 because the proceeds of the loan were used to improve her home.

Exception. Do not include interest on a mortgage you took out before July 1, 1982, if it was secured by property that was your main home or a qualified dwelling used by you or a member of your family at the time you took out the mortgage.

Line 5 – Miscellaneous itemized deductions

Enter on this line the amount from federal Schedule A (Form 1040), line 26, adjusted for differences between California and federal law.

Line 6 – Refund of personal property taxes and real property taxes

Enter on this line any refund of taxes you received if:

- The taxes are those described in line 3;
- The taxes are attributable to a taxable year after 1986; and
- You deducted the taxes in a taxable year after 1986.

Line 7 – Investment interest expense adjustment

Enter on this line any investment interest expense adjustment. If you completed form FTB 3526, Investment Interest Expense Deduction, refigure your investment interest expense using a second form FTB 3526. Complete line 1 through line 8. Follow form FTB 3526 instructions for line 1 through line 8, except:

- When completing line 1, include any interest expense from Schedule P (540), Part I, line 4, that was paid or accrued on indebtedness attributable to property held for investment within the meaning of IRC Section 163(d)(5). An example is interest on a home

- equity loan from which the proceeds were invested in stocks or bonds. This interest might be deductible as home mortgage interest for regular tax, but not for AMT; and
- When entering your 1999 disallowed investment interest expense on line 2, use your 1999 AMT disallowed investment interest expense; and
- When completing line 4, refigure your gross investment income, any net gain from the disposition of property held for investment, and any investment expenses by taking into account all of your AMT adjustments and tax preferences that apply.

Your adjustment is the difference between your AMT form FTB 3526, line 8, and your regular tax form FTB 3526, line 8. If the amount figured for AMT is more than the amount figured for regular tax, enter the adjustment as a negative amount.

Note: If you did not itemize deductions and had investment interest expense, do not enter an adjustment. However, if you reported investment interest expense on federal Schedule E, follow the instructions above for completing form FTB 3526.

Line 8 – Post-1986 Depreciation

If you filed federal Schedule(s) C, E, or F and have tangible property which you began depreciating after 1986, you may need to use the Alternative Depreciation System (ADS) to calculate AMT depreciation as follows:

Property placed in service before 1999.

For property placed in service before 1999, refigure the AMT depreciation using the alternative depreciation system (ADS), with the same convention used for the regular tax. See the table below for the method and recovery period to use.

Property placed in service before 1999

IF the property is...	THEN use the...
IRC Section 1250(c) property.	Straight-line method over 40 years.
Tangible property (other than IRC Section 1250(c) property) depreciated using straight line for the regular tax.	Straight-line method over the property's AMT class life.
Any other tangible property.	150% declining-balance method, switching to straight line the first tax year it gives a larger deduction, over the property's AMT class life.

Property placed in service after 1998.

For property placed in service after 1998, no adjustment is necessary if the property is IRC Section 1250(c) property or tangible property (other than IRC Section 1250(c) property) depreciated using the straight-line or 150% declining-balance method for the regular tax. For any other tangible property, use the 150% declining-balance method, switching to straight line the first tax year it gives a larger deduction, and the same convention and recovery period used for the regular tax.

Refer to federal Publication 946, How to Depreciate Property, or IRC Section 168(g), for more information on the ADS method.

Grapevines replanted as a result of phylloxera infestation or Pierce's Disease and being depreciated over 5 years: Depreciate over 10 years.

Partners, S corporation shareholders, and LLC members: Enter the amount shown on the Schedule K-1 issued by your partnership, S corporation, or LLC.

Enter on line 8 the difference between depreciation for regular tax and depreciation for AMT. Do not include depreciation from:

- Expenses you incurred as an employee and deducted on federal Schedule A (Form 1040);
- An activity for which you are not at risk;

- Amounts received from a partnership or S corporation if the basis limitations under IRC Section 704(c) or IRC Section 1366(d) apply;
- A passive activity; or
- A tax shelter farm activity.

Instead, include these types of depreciation when you figure adjustments for line 5, line 11, line 13h, line 13m, or line 13n, whichever applies.

If the AMT depreciation is more than the regular tax depreciation, enter the difference on line 8 as a negative amount.

Line 9 – Adjusted gain or loss

You will have an entry on this line only if you reported a gain or loss on California Schedule D or Schedule D-1, federal Schedule D, federal Form 4797, Sales of Business Property, or federal Form 4684, Casualties and Theft, for income producing property that has a different basis for AMT than for regular tax. Generally, if you reported a gain or loss from the sale or exchange of mutual funds, stocks, or bonds you will not have an entry on this line.

To figure the amount to enter on this line:

Step 1 – Refigure the adjusted basis of the asset sold. Take into account any AMT adjustments you made this year or in previous years for depreciation, incentive stock options, circulation expenditures, pollution control facilities, research and experimental expenditures, and mining costs.

Step 2 – Refigure your gain or loss using the adjusted basis from Step 1.

Step 3 – Figure the difference between the AMT gain or loss and the regular tax gain or loss and enter the result on line 9. Enter the difference as a negative amount if: the AMT gain is less than the regular tax gain; the AMT loss is more than the regular tax loss; or you have an AMT loss and a regular tax gain.

Line 10 – Incentive stock options and California qualified stock options

Incentive stock options (ISOs). For regular tax, no income is recognized when an ISO, as defined in IRC Section 422(b), is granted or exercised. However, this rule does not apply for AMT. Instead, you must generally include on line 10 the excess of:

- The fair market value of the stock acquired through the exercise of the option (determined without regard to any lapse restriction) when your rights in the stock first become transferable, or when these rights are no longer subject to a substantial risk of forfeiture, over
- The amount you paid for the stock.

Increase your AMT basis of any stock acquired through the exercise of an ISO by the amount of the AMT adjustment. If you acquired stock by exercising an ISO and you disposed of that stock in the same year, the tax treatment under regular tax and AMT is the same (no adjustment is required).

California qualified stock options (CQSOs). Under R&TC Section 17502, taxpayers whose earned income from the corporation granting the CQSO was \$40,000 or less may exclude compensation arising from the exercise of a CQSO from regular tax income. The amount of compensation excluded for regular tax must be included for AMT on this line.

Line 11 – Passive activities adjustment

You may want to complete a second form FTB 3801, Passive Activity Loss Limitations, and the other forms or schedules on which your passive activities are reported to figure this adjustment. You may enter the following types of adjustments on this line:

Regular passive activities. Refigure your passive activity gains and losses for AMT by taking into account all AMT adjustments and preferences and AMT prior-year unallowed losses that apply to the passive activity. The adjustment is the difference between your AMT passive activity income or loss (from activities reported on federal Schedules C, C-EZ, E, F, or federal Form 4835) and income or loss from these activities for regular tax.

Publicly traded partnership (PTP). If you had losses from a PTP, you will have to refigure the losses using any AMT adjustments, preferences, and any AMT prior-year unallowed losses.

Tax shelter passive farm activities. Refigure any gain or loss from a tax shelter passive farm activity. Take into account all AMT adjustments, preferences, and AMT prior-year unallowed losses. If the amount is a gain, include it on your AMT form FTB 3801. If the amount is a loss, your adjustment for tax shelter passive farm activity is the loss you reported for regular tax. The AMT loss to carry over is the refigured AMT loss.

Insolvency. If, at the end of the taxable year, your liabilities exceed the fair market value of your assets, increase your passive activity loss allowed by that excess but not by more than your total loss. See IRC Section 58(c)(1).

Line 13 – Other adjustments and preferences

Enter the amount of any other adjustments or preferences that apply to you on line 13a through line 13o. Enter the total on line 13.

Line 13a – Appreciated contributions

California does not conform to the federal treatment of contributions of appreciated property for AMT.

If you contributed appreciated property to a charity and deducted the fair market value (FMV) on federal Schedule A (Form 1040), refigure your contribution deduction, including capital gain and IRC Section 1231 property, using the cost or other basis rather than the FMV.

Do not include property for which you elected under IRC Section 170(b)(1)(C)(iii) to figure the contribution deduction using the property's adjusted basis rather than the FMV.

Enter on this line the amount by which your regular tax charitable contribution exceeds your AMT charitable contribution.

Line 13b – Circulation expenditures

If you elected the optional 3-year write-off period for circulation expenditures under IRC Section 59(e), skip this line.

For regular tax, IRC Section 173 allows you to deduct the full amount of circulation expenditures in the taxable year you paid or incurred them. For AMT, you must amortize these expenditures over 3 years beginning with the year you paid or incurred the expenditures. Enter the difference between your AMT deduction and your regular tax deduction. If your AMT deduction is more than your regular tax deduction, enter your adjustment as a negative amount.

Line 13c – Depletion

For AMT, if the depletion deduction for mines, wells, and other natural deposits determined under IRC Section 611 exceeds the adjusted basis of the property at the end of your taxable year, you have a depletion preference adjustment.

California conformed in 1993 to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. See federal Form 6251 and instructions. However, your California depletion costs may continue to be different from the federal amounts because of prior differences in law and different bases.

To figure your adjusted basis, use the rules in IRC Section 1016, but do not reduce the adjusted basis by current-year depletion. Figure the excess amount separately for each property. Enter on this line only the depletion amount that exceeds your adjusted basis.

Line 13d – Depreciation (pre-1987)

For AMT, you must use the straight-line method to figure depreciation on property placed in service prior to January 1, 1987. Figure the depreciation separately for each property.

15-year or 18-year real property: Use the straight-line method over the same number of years using the half-year convention and no salvage value.

Low-income housing property: Use the straight-line method over 15 years.

Leased property: Use the straight-line method. Figure the depreciation separately for each property.

Leased recovery property (other than 15-year or 18-year real property, or low-income housing): Use the straight-line method with a half-year convention, no salvage value, and the following recovery periods:

5-year property	8 years
10-year property	15 years
15-year public utility property	22 years

Enter the excess of your regular tax depreciation over your AMT depreciation.

Line 13e – Installment sales

If, for regular tax purposes, you used the installment method to report a nondealer disposition of property that occurred after August 16, 1986, but before January 1, 1990, and if the obligation that arose from the disposition was an installment obligation to which the proportionate disallowance rule applied, you must refigure your income for AMT purposes without regard to the installment method.

Enter the difference between your AMT and regular tax income on this line. If the AMT income is smaller, enter the difference as a negative amount.

Line 13f – Intangible drilling costs (IDCs)

If you elected the optional 60-month write-off under IRC Section 59(e) for regular tax for all property in this category, skip this line.

IDCs from oil, gas, and geothermal wells are preferences to the extent that the excess IDCs exceed 65% of the net income from the wells. Figure the preference for oil and gas properties separate from geothermal properties. To figure excess IDCs:

- A. Figure the amount of your IDCs allowed for regular tax under IRC Section 263(c). Do not include any deduction for nonproductive wells. Then refigure your IDCs allowed for AMT by amortizing them over 120 months, starting with the month you placed the well in production. Then subtract your AMT IDCs from your regular tax IDCs to get your excess IDCs. You may elect to use any other method that is allowed in determining cost depletion.
- B. Figure net income by reducing the gross income from all oil, gas, and geothermal wells that you received or accrued during the taxable year by any deductions allocable to these properties (reduced by the excess IDCs). Use only income and deductions allowed for AMT.
- C. Multiply the net income by 65% (.65). Subtract the result from the excess IDCs figured in A. This is your excess IDCs that you must enter on this line.

Exception. The preference for IDCs from oil and gas wells does not apply to taxpayers who are independent producers (i.e., not integrated oil companies as defined in IRC Section 291(b)(4)). However, this benefit may be limited. First, figure the IDC preference as if this exception did not apply. Then, for purposes of this exception, complete Schedule P (540) through line 19, including the IDC preference. If the amount of the IDC preference exceeds 40% of the amount figured for line 19, enter the excess on line 13f (the benefit of this exception is limited). If the amount of the IDC preference is equal to or less than 40% of the amount figured for line 19, do not enter an amount on line 13f (the benefit of this exception is not limited).

Line 13g – Long-term contracts

For regular tax, you may have figured taxable income from a long-term contract (entered into after February 28, 1986) using the completed-contract method or another method.

For AMT, you must use the percentage-of-completion method described in IRC Section 460(b) to determine your taxable income from any long-term contract (defined in IRC Section 460(f)) you entered into after February 28, 1986. However, this rule does not apply to: (1) any home construction contract (as defined in IRC Section 460(e)(6)) you entered into after June 20, 1988, and before 1991, if you meet the 2-year estimated completion requirement of IRC Section 460(e)(1)(B)(i) and the \$10-million ceiling on average annual gross receipts requirement of IRC Section 460(e)(1)(B)(ii), or (2) any home construction contract entered into after 1990.

Note: In the case of a contract described in IRC Section 460(e)(1), use the simplified procedures for allocating costs outlined in IRC Section 460(b)(3) to determine the percentage of completion.

Enter on line 13g the difference between the income you reported for regular tax and the income you recomputed for AMT. If the income for AMT is less than the income for regular tax, enter the difference as a negative amount.

Line 13h – Loss limitations

Important: If you include AMT adjustments or preferences on this line, do not include them on any other line of this schedule. Do not include any passive activities on this line. Instead, use line 11. Also use line 11 for passive tax shelter farm activities. Use line 13n for nonpassive tax shelter farm activities.

For AMT, you must refigure certain limited losses using your AMT adjustments and preferences. Refigure your gains and losses from activities for which you are not at risk. Also, refigure your basis limitations that apply to partnerships and S corporations. Refer to IRC Sections 59(h), 465, 704(d), and 1366(d).

Enter on this line the difference between AMT limited losses (from activities reported on federal Schedules C, C-EZ, E, F, or federal Form 4835) and your regular tax limited losses from these activities.

Line 13i – Mining costs

If you elected the optional 10-year write-off under IRC Section 59(e), skip this line. For AMT, you must capitalize your mining exploration and development costs and amortize them over 10 years beginning with the taxable year you paid or incurred the expenditures. Enter the difference between your AMT and your regular tax mining deduction. If your AMT mining amortization is more than your regular tax mining deduction, enter your adjustment as a negative amount.

See IRC Section 56(a)(2)(B) for special rules that apply to losses related to mining property.

Line 13j – Patron’s adjustment

Distributions you received from a cooperative may be includible in income. Unless the distributions are nontaxable, enter on line 13j the total AMT patronage dividend and per-unit retain allocation adjustment reported to you by the cooperative.

Line 13k – Pollution control facilities

For regular tax, you may elect to amortize the basis of a certified pollution control facility over 60 months. For facilities placed in service before 1999, the AMT deduction is figured using the alternative depreciation system (ADS) described in IRC Section 168(g). Use the federal Class Life Asset Depreciation Range System (ADR) under the straight-line method.

For facilities placed in service after 1998, the AMT deduction is figured under the modified accelerated cost recovery system (MACRS) using the straight-line method.

Enter the difference between your AMT pollution control facilities depreciation and your regular tax pollution control facilities amortization. If your AMT pollution control facilities depreciation is more than your regular tax pollution control facilities amortization, enter the adjustment as a negative amount.

Line 13l – Qualified small business stock exclusion (R&TC 18152.5)

California law provides an exclusion similar to the federal exclusion under IRC Section 1202 for 50% of the gain on the sale of qualifying small business stock originally issued after August 10, 1993 and held for 5 years. However, for California purposes, 80% of the issuing corporation’s payroll as measured by total dollar value must be attributable to employment located within California, and at least 80% of the value of the assets of the corporation must be used by the corporation in the active conduct of one or more qualified trades or businesses in California. If you excluded gain as allowed under R&TC 18152.5, multiply the excluded amount by 50% and enter it on this line as a positive amount.

Line 13m – Research and experimental

If you elected the optional 10-year write-off period for research and experimental expenditures under IRC Section 59(e), skip this line.

For regular tax, IRC Section 174(a) allows you to deduct your research and experimental expenditures in the taxable year you paid or incurred them. If you deducted them in the year incurred, you must amortize these expenditures over 10 years for AMT. Figure the adjustment you must enter on this line the same as for circulation expenditures (line 13b).

See IRC Section 56(b)(2)(B) for special rules that apply to losses related to circulation or research property.

Line 13n – Tax shelter farm activities

Important: If you include AMT adjustments or preferences on this line, do not include them on any other line of this schedule.

Complete this line only if you have a gain or loss from a tax shelter farm activity (as defined in IRC Section 58(a)(2)) that is not a passive activity. If the tax shelter farm activity is a passive activity, you must include it with your other passive activities on line 11.

Refigure all gains and losses you reported for regular tax from tax shelter farm activities using your AMT adjustments and preferences. Figure your tax shelter farm activity gain or loss for AMT using the same rules you used for regular tax except:

- Do not take any recomputed loss unless you are insolvent (see IRC Section 58(c)(1)); and
- Do not offset gains from other tax shelter farm activities with your recomputed loss.

You must suspend and carryover your loss to future taxable years until you:

- Have a gain in a future taxable year from that same activity; or
- Dispose of the activity.

Enter on this line the difference between the amount that was reported for regular tax for the activity on federal Schedule E or federal Form 4835 and the amount that would be reported for the activity for AMT.

Line 13o – Related adjustments

If you have an entry on:

- Line 7 (if you deducted investment interest on federal Schedule E);
- Line 8 through line 11; or
- Line 13b through line 13n;

refigure the following items. They are limited based on income (other than a limit based on federal AGI or federal modified AGI) using your AMT income:

- IRC Section 179 expense;
- Taxable IRA distribution (if prior-year IRA deductions were different for AMT and regular tax);
- Expenses for business or rental use of your home;
- Conservation expenses;
- Self-employed health insurance deduction;
- Keogh retirement plan or self-employed SEP or SIMPLE deduction; and
- IRA deductions affected by the earned income limitation of IRC Section 219(b)(1)(B).

Figure the difference between AMT and regular tax amount for each item. Combine the amounts for all your related adjustments and enter the total on line 13o. Keep a copy of all computations for your records, including any AMT carryover and basis amounts.

Part II Alternative Minimum Taxable Income (AMTI)

Line 15 – Taxable income

Enter on this line the amount from Form 540, line 19. If Form 540, line 19 is zero, subtract Form 540, line 18, from Form 540, line 17, and enter the result as a negative amount.

Line 17 – AMTI Exclusion

Qualified taxpayers shall exclude income from any trade or business when figuring AMTI. If you are a qualified taxpayer (refer to General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion), enter your taxable trade or business income on line 17. If zero or less, enter -0-.

Line 18 – Itemized deductions limitation

If you itemized deductions and your federal AGI is more than the amount shown on line 18, your itemized deductions were limited for regular tax. For the AMT, this limitation does not apply. Enter the amount from line 9 of the Itemized Deductions Worksheet in the instructions for Schedule CA (540), Part II, line 40.

Line 20 – Net Operating Loss (NOL) Deduction

If you are carrying over an NOL or a disaster loss from a prior year, you must refigure your NOL deduction for AMT purposes as follows:

- Step 1 Alternative tax NOL for the prior year:** For the year the loss was incurred, complete another form FTB 3805V, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809 using your AMT income and expense amounts rather than the regular tax amounts.
- Step 2 Alternative tax NOL carryover to the current year:** If you incurred the NOL in 1999, the amount of the carryover is the amount figured in Step 1. Otherwise, the amount of the carryover is the amount from Step 1 minus the amounts used for AMT purposes in all preceding carryover years.
- Step 3 Alternative tax NOL deduction for the current year:** Enter on line 20 the lesser of the NOL carryover from Step 2 or 90% of the amount on line 19.

Line 21 – Alternative minimum taxable income (AMTI)

Married taxpayers filing separate returns must complete the following worksheet below if line 21 is more than \$236,073.

1. Enter the amount from Schedule P (540), Part II, line 21	1	_____
2. Maximum exemption amount	2	\$236,073
3. Subtract line 2 from line 1	3	_____
4. Multiply line 3 by 25% (.25)	4	_____
5. Enter the smaller of line 4 or \$30,461	5	_____
6. Add line 1 and line 5. Enter the result here and replace the amount on Schedule P (540), Part II, line 21, with this amount	6	_____

Part III Exemption Amount and Alternative Minimum Tax

Line 22 – Exemption Amount

If line 21 is more than the amount shown for your filing status in the middle column of the chart on line 22, complete the Exemption Worksheet on the following page to figure the amount to enter on line 22.

Children Under Age 14

If this form is for a child under age 14, complete the Exemption Worksheet on the following page.

Exemption Worksheet

Note: If line 21 (AMTI) is equal to or more than: \$354,113 if single or head of household; \$472,151 if married filing joint or qualifying widow(er); \$236,073 if married filing separate, your exemption credit is zero. **Do not** complete this worksheet; instead, enter -0- on line 22.

1. Enter \$45,692 if single or head of household; \$60,923 if married filing joint or qualifying widow(er); \$30,461 if married filing separate 1 _____
2. Enter your AMTI from Schedule P (540), Part II, line 21 2 _____
3. Enter \$171,345 if single or head of household; \$228,459 if married filing joint or qualifying widow(er); \$114,229 if married filing separate 3 _____
4. Subtract line 3 from line 2. If zero or less, enter -0- .. 4 _____
5. Multiply line 4 by 25% (.25) 5 _____
6. Subtract line 5 from line 1. If zero or less, enter -0-. If this schedule is for a child under age 14, go to line 7. Otherwise, enter this amount on Schedule P (540), Part III, line 22 and complete Schedule P (540) 6 _____
7. Child's minimum exemption amount 7 \$5,200
8. Enter the child's earned income, if any. Refer to the instructions for federal Form 6251 for more information 8 _____
9. Add line 7 and line 8. 9 _____
10. Enter the smaller of line 6 or line 9 here and on Schedule P (540), Part III, line 22 10 _____

Line 23 – If the line 23 result is zero or less, enter -0- on line 23, line 24, and line 26. Go to line 25.

Line 25 – Regular tax before credits

Enter on this line your regular tax from Form 540, line 20, plus any tax from form FTB 5870A, Tax on Accumulation Distribution of Trusts, included on Form 540, line 23.

Note: Do not include the tax from Schedule G-1, Tax on Lump-Sum Distributions, entered on Form 540, line 23. For installment obligations subject to IRC Sections 453(l)(2)(B) (timeshares and residential lots) and 453A (nondealer dispositions greater than \$150,000), do not include tax increases for interest on the deferred tax liability.

Part IV Credits That Reduce Tax

Complete Part IV **only** if you have tax credits.

Use Part IV to determine the:

- Amount of credit that may be used to offset tax;
- Tax that may be offset;
- Amount of credit, if any, that may be carried over to future years; and
- Order in which to claim credits, if you have more than one credit to claim.

Before you begin Part IV:

- Complete Form 540 through line 24.
- Figure the amount of your credit(s) using the credit form or worksheet identified in the Credit Table on the next page. Be sure to attach the credit form to your return, if applicable.

To complete Part IV:

- Complete line 1 through line 3 to figure the amount of excess tax you may offset by credits.
- Identify in which section(s) of Part IV you may take your tax credit(s). Credits without carryover provisions are listed on Schedule P (540) in Section A1 and Section B1 and may be taken only in those sections. Credits with carryover provisions are listed on the Credit Table on the next page. The table identifies the section(s) of Part IV in which you may take these tax credits.

- If you have credit(s) in Section B, be sure to complete line 17 in addition to the line(s) for your credit(s).
- If your credit is taken in Section A2 or Section B2, enter the credit code and the credit name in the space provided. Refer to the Credit Table on the next page for the credit code.
- Complete column (a) through column (d) for each line on which you are taking a credit. Refer to "Column Instructions" on the next page.
- If your credit(s) are taken in more than one section, complete each section before going to the next section.
- Refer to the example on page 8 for illustration.
- Once you complete Part IV, see "How to Claim Your Credits" on the next page.

Section A Instructions

Line 3 – Subtract line 2 from line 1. If the amount is zero or less than zero, continue to question 1. If the amount is more than zero, go to Section A1 Instructions.

1. Does the Credit Table show that you may take your credit **ONLY** in Section A1 or Section A2?

Yes You may not take the credit this year. Go to question 2.

No Go to Section B to figure the amount of credit you may take this year. Then continue to Section C if the Credit Table shows that you may also take your credit in Section C.

2. Does the credit have carryover provisions?

Yes Enter the credit code, credit name, and credit amount in column (a) of the section indicated by the table. Enter -0- in column (b). Enter the credit amount in column (d). This is the amount of the credit you may carry over and use in future years.

No You may not take the credit this year or in future years.

Section A1 Instructions

Line 4 through line 11 – If you have any of the credits listed in this section, complete column (a) through column (c) for each credit in the order listed.

Section A2 Instructions

Line 12 through line 16 – Follow the Credit Table Instructions to find out in which section to claim your credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Note: Generally it is to your advantage to apply credits with limited carryovers before credits with no limitation on carryover. However, you may want to apply credits with no limitation on carryover first, if that is to your advantage.

Section B1 Instructions

Line 18 and line 19 – If you have the nonrefundable renter's credit or the teacher retention credit, enter in column (b) the amount of the credit that was not used in Section A1.

Section B2 Instructions

Line 20 through line 23 – Follow the Credit Table Instructions to find out in which section to claim your credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Note: Generally, it is to your advantage to apply credits with limited carryovers before credits with no limitation on carryover. However, you may want to apply credits with no limitation on carryover first, if that is to your advantage.

Section B3 Instructions

Line 24 – If you have other state tax credit, complete column (a) through column (c).

Section C Instructions

Line 26 and line 27 – If you have any of the credits listed in this section, complete column (a) through column (d) for each credit in the order listed.

Column Instructions – In column:

- (a) Enter the amount of credit available to offset tax;
- (b) Figure the amount of credit you are able to use this year by entering the smaller of the amount in column (a) or the amount in column (c) from a previous line;
- (c) Figure the amount of tax remaining to be offset by other credits by subtracting the amount in column (b) from the balance in column (c) of a previous line; and
- (d) Enter the amount of credit carryover available to use in future years by subtracting the amount in column (b) from the amount in column (a).

How to Claim Your Credits

Claim your credits by transferring them to Form 540 as follows:

Credits on line 4 through line 24 – If you claim only one or two credits, enter the name, code number, and amount of the credit from column (b) on Form 540, line 28 and/or line 29. To claim credits that are listed in more than one section, total column (b) of the credits that have the same code numbers. Then enter the name, code number, and amount of the credit on Form 540, line 28 and line 29.

Nonrefundable renter’s credit – Enter the total amount of nonrefundable renter’s credit from column (b) in Section A1 and Section B1 on Form 540, line 31.

Other Credits – If you have any other credits to claim, add the amounts from column (b) for those credits. Enter the total on Form 540, line 30.

Credit Table Instructions

- 1. Find your credit(s) in the table.
- 2. See which sections are identified under “Offset Tax in Section.”
- 3. Take the credit only in the section(s) the table identifies for your credit.
- 4. Use the credit in the earliest section possible.
- 5. Complete each section before going to the next section.

Credit Table

Code	Current Credits	Form	Offset Tax in Section:
197	Child Adoption*	Worksheet	A2
209	Community Development Financial Institution Deposits Credit	N/A	A2
173	Dependent Parent*	Worksheet	A1
205	Disabled Access for Eligible Small Businesses	FTB 3548	A2
204	Donated Agricultural Products Transportation	FTB 3547	A2
190	Employer Child Care Contribution	FTB 3501	A2
189	Employer Child Care Program	FTB 3501	A2
203	Enhanced Oil Recovery	FTB 3546	A2
169	Enterprise Zone Employee	FTB 3553	A1
176	Enterprise Zone Hiring & Sales or Use Tax 1 = hiring credit 2 = sales or use tax credit	FTB 3805Z	A2 ₁ B2 ₁ A2 ₂ B2 ₂
207	Farmworker Housing	N/A	A2
170	Joint Custody Head of Household*	Worksheet	A1
198	Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	FTB 3807	A2
214	Long-Term Care	FTB 3504	A1
172	Low-Income Housing	FTB 3521	A2 B2
199	Manufacturers’ Investment	FTB 3535	A2 B2
211	Manufacturing Enhancement Area (MEA) Hiring	FTB 3808	A2
213	Natural Heritage Preservation	FTB 3503	A2 B2
None	Nonrefundable Renter’s Credit*	Worksheet	A1 B1
187	Other State Tax Credit	Sch. S	B3
188	Prior Year Alternative Minimum Tax	FTB 3510	A2
162	Prison Inmate Labor	FTB 3507	A1
183	Research	FTB 3523	A2 B2
206	Rice Straw	N/A	A2
163	Senior Head of Household*	Worksheet	A1
210	Targeted Tax Area (TTA) Hiring & Sales or Use Tax	FTB 3809	A2 B2
212	Teacher Retention	FTB 3505	A1 B1
Code	Repealed Credits with Carryover Provisions	Form	Offset Tax in Section:
175	Agricultural Products	FTB 3540	A2
196	Commercial Solar Electric System	FTB 3540	A2 B2
181	Commercial Solar Energy	FTB 3540	A2 B2 C
194	Employee Ridesharing	FTB 3540	A2
182	Energy Conservation	FTB 3540	A2
191	Large Employer Ridesharing	FTB 3540	A2
192	Small Employer Ridesharing		
193	Transit Passes		
159	Los Angeles Revitalization Zone (LARZ) Hiring & Sales or Use Tax	FTB 3806	A2 B2
160	Low-Emission Vehicles	FTB 3540	A2
185	Orphan Drug	FTB 3540	A2 B2
184	Political Contributions	FTB 3540	A2
174	Recycling Equipment	FTB 3540	A2
186	Residential Rental & Farm Sales	FTB 3540	A2
171	Ridesharing	FTB 3540	A2
200	Salmon & Steelhead Trout Habitat Restoration	N/A	A2
180	Solar Energy	FTB 3540	A2 B2 C
179	Solar Pump	FTB 3540	A2
178	Water Conservation	FTB 3540	A2
161	Young Infant	FTB 3540	A2

*See the instructions for Form 540.

Additional Information

California Sales And Use Tax

In general, the purchase of goods outside California that are brought into the state for storage, use, or other consumption may be subject to use tax. The use tax rate is the same as the sales tax rate in effect where the goods will be stored, used or consumed; usually your residence address. The tax is based on the purchase price of the goods.

- **If you purchased goods from an out-of-state retailer** (such as a mail order firm) and sales tax would have been charged if you purchased the goods in California, you may owe the use tax on your purchase if the out-of-state retailer did not collect the California tax.
- **If you traveled to a foreign country and brought goods home with you**, the use tax will be based on the purchase price of the goods you listed on your U.S. Customs Declaration after deduction of the \$400 per individual exemption allowable by law within any 30-day period. This deduction does not apply to goods sent or shipped to California by common carrier.

Your tax liability may be calculated by multiplying the sales tax rate at your residence times the cost of the goods purchased. Send your payment to the STATE BOARD OF EQUALIZATION, PO BOX 942879, SACRAMENTO CA 94279-0001, with a brief statement listing your name, address, daytime telephone number, cost and description of the goods purchased. Board of Equalization Pamphlet 79-B contains additional information and a form you may use to report the tax. An electronic version of this pamphlet may be found in the Board of Equalization's internet Website at: www.boe.ca.gov/pdf/pub79b.pdf.

If you file a Schedule C (Form 1040), Profit or Loss From Business, with your federal income tax return and are in the business of selling tangible personal property, you may be required to obtain a seller's permit with the State Board of Equalization.

If you have any questions concerning the taxability of a purchase, or want information about obtaining a seller's permit, please contact the State Board of Equalization's toll-free number at (800) 400-7115, to talk to a Customer Service Representative. Representatives are available from 8 a.m. to 5 p.m., Monday - Friday, excluding state holidays.

Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

Deceased Taxpayers

A final return must be filed for a person who died in 2000 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 2000. Indicate next to your signature that you are the surviving spouse.

You may also file a joint return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, you must attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

Homeowner and Renter Assistance

Homeowner assistance is a once-a-year payment from the State of California based on part of the property taxes assessed and paid on your home. If eligible, you could receive up to 96% of the property taxes you paid in the prior year. In 2000, you would have qualified for this assistance if you:

- Were one of the following on December 31, 1999: 62 years of age* or older, blind, or disabled; and
- Owned your home and lived in it on December 31, 1999, had total household income of \$33,993 or less, and are a U.S. citizen, desig-

nated alien, or qualified alien, when you file your claim.

*If your 62nd birthday is on January 1, 2001, you are considered to be age 62 on 12/31/00.

Renter assistance is a once-a-year payment from the State of California based on part of the property taxes that you pay indirectly when you pay your rent. In 2000, you would have qualified for this assistance if you:

- Were one of the following on December 31, 1999: 62 years of age* or older, blind, or disabled; and
- Paid \$50 or more rent per month in the prior year, had total household income of \$33,993 or less, and are a U.S. citizen, designated alien, or qualified alien when you file your claim.

*If your 62nd birthday is on January 1, 2001, you are considered to be age 62 on 12/31/00.

The 2001 filing season for these programs begins July 1, 2001. For more information, call (800) 852-5711.

Note: Homeowners' and renters' assistance payments for the 2000 filing season were increased by 150% of the normal amounts. Claimants have until June 30, 2001, to file a claim.

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, separated, or no longer living with your spouse, or (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. In addition, you may qualify for relief pursuant to a divorce decree. If any of the circumstances fit you, you may apply by writing a letter to the Franchise Tax Board requesting relief. Your request should include your name, your social security number, the year or years in question, a statement explaining why you believe you qualify for relief, and if applicable, a copy of your court order. Mail your request to the ANALYSIS & LEGAL SECTION MS G-8, FRANCHISE TAX BOARD, PO BOX 2952, SACRAMENTO CA 95812-2952.

Military Personnel

If you are a member of the U.S. Armed Forces and need additional information on how to file your return, get FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on the back cover.

Requesting a Copy of Your Tax Return

The FTB keeps personal income tax returns for three and one-half years from the original due date. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, there is a \$10 fee for each tax year you request. However, there is no charge if: you are requesting a return and any audit reports attached in connection with an audit or collection activity; you were the victim of a designated California or federal disaster; or you request copies from a field office that assisted you in completing your return. See "Order Forms and Publications" on the back cover.

Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee, and county fees are not deductible.

Voting Is Everybody's Business

You may register to vote if you meet these requirements:

- You are a United States citizen;
- You are a resident of California;
- You will be 18 years old by the date of the next election; and
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties. In order to vote in an election, you must be registered to vote at least 29 days before that election. To obtain a Voter Registration Card, call the Secretary of State's office toll-free voter hotline at (800) 345-VOTE.

It's Your Right . . . Register and Vote

2000 California Tax Table

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income from Form 540, line 19 or Form 540A, line 16.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married Filing Separate)			2 or 5 (Married Filing Joint; Qualifying Widow(er))			4 (Head of Household)								
If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
1	50	0	0	0	6,451	6,550	75	65	65	12,951	13,050	207	151	151
51	150	1	1	1	6,551	6,650	77	66	66	13,051	13,150	211	153	153
151	250	2	2	2	6,651	6,750	79	67	67	13,151	13,250	215	155	155
251	350	3	3	3	6,751	6,850	81	68	68	13,251	13,350	219	157	157
351	450	4	4	4	6,851	6,950	83	69	69	13,351	13,450	223	159	159
451	550	5	5	5	6,951	7,050	85	70	70	13,451	13,550	227	161	161
551	650	6	6	6	7,051	7,150	87	71	71	13,551	13,650	231	163	163
651	750	7	7	7	7,151	7,250	89	72	72	13,651	13,750	235	165	165
751	850	8	8	8	7,251	7,350	91	73	73	13,751	13,850	239	167	167
851	950	9	9	9	7,351	7,450	93	74	74	13,851	13,950	243	169	169
951	1,050	10	10	10	7,451	7,550	95	75	75	13,951	14,050	247	171	171
1,051	1,150	11	11	11	7,551	7,650	97	76	76	14,051	14,150	251	173	173
1,151	1,250	12	12	12	7,651	7,750	99	77	77	14,151	14,250	255	175	175
1,251	1,350	13	13	13	7,751	7,850	101	78	78	14,251	14,350	259	177	177
1,351	1,450	14	14	14	7,851	7,950	103	79	79	14,351	14,450	263	179	179
1,451	1,550	15	15	15	7,951	8,050	105	80	80	14,451	14,550	267	181	181
1,551	1,650	16	16	16	8,051	8,150	107	81	81	14,551	14,650	271	183	183
1,651	1,750	17	17	17	8,151	8,250	109	82	82	14,651	14,750	275	185	185
1,751	1,850	18	18	18	8,251	8,350	111	83	83	14,751	14,850	279	187	187
1,851	1,950	19	19	19	8,351	8,450	113	84	84	14,851	14,950	283	189	189
1,951	2,050	20	20	20	8,451	8,550	115	85	85	14,951	15,050	287	191	191
2,051	2,150	21	21	21	8,551	8,650	117	86	86	15,051	15,150	291	193	193
2,151	2,250	22	22	22	8,651	8,750	119	87	87	15,151	15,250	295	195	195
2,251	2,350	23	23	23	8,751	8,850	121	88	88	15,251	15,350	299	197	197
2,351	2,450	24	24	24	8,851	8,950	123	89	89	15,351	15,450	303	199	199
2,451	2,550	25	25	25	8,951	9,050	125	90	90	15,451	15,550	307	201	201
2,551	2,650	26	26	26	9,051	9,150	127	91	91	15,551	15,650	311	203	203
2,651	2,750	27	27	27	9,151	9,250	129	92	92	15,651	15,750	315	205	205
2,751	2,850	28	28	28	9,251	9,350	131	93	93	15,751	15,850	319	207	207
2,851	2,950	29	29	29	9,351	9,450	133	94	94	15,851	15,950	323	209	209
2,951	3,050	30	30	30	9,451	9,550	135	95	95	15,951	16,050	327	211	211
3,051	3,150	31	31	31	9,551	9,650	137	96	96	16,051	16,150	331	213	213
3,151	3,250	32	32	32	9,651	9,750	139	97	97	16,151	16,250	335	215	215
3,251	3,350	33	33	33	9,751	9,850	141	98	98	16,251	16,350	339	217	217
3,351	3,450	34	34	34	9,851	9,950	143	99	99	16,351	16,450	343	219	219
3,451	3,550	35	35	35	9,951	10,050	145	100	100	16,451	16,550	347	221	221
3,551	3,650	36	36	36	10,051	10,150	147	101	101	16,551	16,650	351	223	223
3,651	3,750	37	37	37	10,151	10,250	149	102	102	16,651	16,750	355	225	225
3,751	3,850	38	38	38	10,251	10,350	151	103	103	16,751	16,850	359	227	227
3,851	3,950	39	39	39	10,351	10,450	153	104	104	16,851	16,950	363	229	229
3,951	4,050	40	40	40	10,451	10,550	155	105	105	16,951	17,050	367	231	231
4,051	4,150	41	41	41	10,551	10,650	157	106	106	17,051	17,150	371	233	233
4,151	4,250	42	42	42	10,651	10,750	159	107	107	17,151	17,250	375	235	235
4,251	4,350	43	43	43	10,751	10,850	161	108	108	17,251	17,350	379	237	237
4,351	4,450	44	44	44	10,851	10,950	163	109	109	17,351	17,450	383	239	239
4,451	4,550	45	45	45	10,951	11,050	165	111	111	17,451	17,550	387	241	241
4,551	4,650	46	46	46	11,051	11,150	167	113	113	17,551	17,650	391	243	243
4,651	4,750	47	47	47	11,151	11,250	169	115	115	17,651	17,750	395	245	245
4,751	4,850	48	48	48	11,251	11,350	171	117	117	17,751	17,850	399	247	247
4,851	4,950	49	49	49	11,351	11,450	173	119	119	17,851	17,950	403	249	249
4,951	5,050	50	50	50	11,451	11,550	175	121	121	17,951	18,050	407	251	251
5,051	5,150	51	51	51	11,551	11,650	177	123	123	18,051	18,150	411	253	253
5,151	5,250	52	52	52	11,651	11,750	179	125	125	18,151	18,250	415	255	255
5,251	5,350	53	53	53	11,751	11,850	181	127	127	18,251	18,350	419	257	257
5,351	5,450	54	54	54	11,851	11,950	183	129	129	18,351	18,450	423	259	259
5,451	5,550	55	55	55	11,951	12,050	185	131	131	18,451	18,550	427	261	261
5,551	5,650	57	56	56	12,051	12,150	187	133	133	18,551	18,650	431	263	263
5,651	5,750	59	57	57	12,151	12,250	189	135	135	18,651	18,750	435	265	265
5,751	5,850	61	58	58	12,251	12,350	191	137	137	18,751	18,850	439	267	267
5,851	5,950	63	59	59	12,351	12,450	193	139	139	18,851	18,950	443	269	269
5,951	6,050	65	60	60	12,451	12,550	195	141	141	18,951	19,050	447	271	271
6,051	6,150	67	61	61	12,551	12,650	197	143	143	19,051	19,150	451	273	273
6,151	6,250	69	62	62	12,651	12,750	199	145	145	19,151	19,250	455	275	275
6,251	6,350	71	63	63	12,751	12,850	201	147	147	19,251	19,350	459	277	277
6,351	6,450	73	64	64	12,851	12,950	203	149	149	19,351	19,450	463	279	279

Continued on next page.

2000 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married Filing Separate)		2 or 5 (Married Filing Joint; Qualifying Widow(er))			4 (Head of Household)									
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	467	281	281	26,451	26,550	868	433	433	33,451	33,550	1,391	713	716
19,551	19,650	471	283	283	26,551	26,650	874	437	437	33,551	33,650	1,399	717	722
19,651	19,750	475	285	285	26,651	26,750	880	441	441	33,651	33,750	1,407	721	728
19,751	19,850	479	287	287	26,751	26,850	886	445	445	33,751	33,850	1,415	725	734
19,851	19,950	483	289	289	26,851	26,950	892	449	449	33,851	33,950	1,423	729	740
19,951	20,050	487	291	291	26,951	27,050	898	453	453	33,951	34,050	1,431	733	746
20,051	20,150	491	293	293	27,051	27,150	904	457	457	34,051	34,150	1,439	737	752
20,151	20,250	495	295	295	27,151	27,250	910	461	461	34,151	34,250	1,447	741	758
20,251	20,350	499	297	297	27,251	27,350	916	465	465	34,251	34,350	1,455	745	764
20,351	20,450	503	299	299	27,351	27,450	922	469	469	34,351	34,450	1,463	749	770
20,451	20,550	508	301	301	27,451	27,550	928	473	473	34,451	34,550	1,471	753	776
20,551	20,650	514	303	303	27,551	27,650	934	477	477	34,551	34,650	1,479	757	782
20,651	20,750	520	305	305	27,651	27,750	940	481	481	34,651	34,750	1,487	761	788
20,751	20,850	526	307	307	27,751	27,850	946	485	485	34,751	34,850	1,495	765	794
20,851	20,950	532	309	309	27,851	27,950	952	489	489	34,851	34,950	1,503	769	800
20,951	21,050	538	311	311	27,951	28,050	958	493	493	34,951	35,050	1,511	773	806
21,051	21,150	544	313	313	28,051	28,150	964	497	497	35,051	35,150	1,519	777	812
21,151	21,250	550	315	315	28,151	28,250	970	501	501	35,151	35,250	1,527	781	818
21,251	21,350	556	317	317	28,251	28,350	976	505	505	35,251	35,350	1,535	785	824
21,351	21,450	562	319	319	28,351	28,450	983	509	509	35,351	35,450	1,543	789	830
21,451	21,550	568	321	321	28,451	28,550	991	513	513	35,451	35,550	1,551	793	836
21,551	21,650	574	323	323	28,551	28,650	999	517	517	35,551	35,650	1,559	797	842
21,651	21,750	580	325	325	28,651	28,750	1,007	521	521	35,651	35,750	1,567	801	848
21,751	21,850	586	327	327	28,751	28,850	1,015	525	525	35,751	35,850	1,575	805	854
21,851	21,950	592	329	329	28,851	28,950	1,023	529	529	35,851	35,950	1,584	809	860
21,951	22,050	598	331	331	28,951	29,050	1,031	533	533	35,951	36,050	1,594	813	866
22,051	22,150	604	333	333	29,051	29,150	1,039	537	537	36,051	36,150	1,603	817	872
22,151	22,250	610	335	335	29,151	29,250	1,047	541	541	36,151	36,250	1,612	821	878
22,251	22,350	616	337	337	29,251	29,350	1,055	545	545	36,251	36,350	1,621	825	884
22,351	22,450	622	339	339	29,351	29,450	1,063	549	549	36,351	36,450	1,631	829	890
22,451	22,550	628	341	341	29,451	29,550	1,071	553	553	36,451	36,550	1,640	833	896
22,551	22,650	634	343	343	29,551	29,650	1,079	557	557	36,551	36,650	1,649	837	902
22,651	22,750	640	345	345	29,651	29,750	1,087	561	561	36,651	36,750	1,659	841	908
22,751	22,850	646	347	347	29,751	29,850	1,095	565	565	36,751	36,850	1,668	845	914
22,851	22,950	652	349	349	29,851	29,950	1,103	569	569	36,851	36,950	1,677	849	920
22,951	23,050	658	351	351	29,951	30,050	1,111	573	573	36,951	37,050	1,687	853	926
23,051	23,150	664	353	353	30,051	30,150	1,119	577	577	37,051	37,150	1,696	857	932
23,151	23,250	670	355	355	30,151	30,250	1,127	581	581	37,151	37,250	1,705	861	938
23,251	23,350	676	357	357	30,251	30,350	1,135	585	585	37,251	37,350	1,714	865	944
23,351	23,450	682	359	359	30,351	30,450	1,143	589	589	37,351	37,450	1,724	869	950
23,451	23,550	688	361	361	30,451	30,550	1,151	593	593	37,451	37,550	1,733	873	956
23,551	23,650	694	363	363	30,551	30,650	1,159	597	597	37,551	37,650	1,742	877	962
23,651	23,750	700	365	365	30,651	30,750	1,167	601	601	37,651	37,750	1,752	881	968
23,751	23,850	706	367	367	30,751	30,850	1,175	605	605	37,751	37,850	1,761	885	974
23,851	23,950	712	369	369	30,851	30,950	1,183	609	609	37,851	37,950	1,770	889	980
23,951	24,050	718	371	371	30,951	31,050	1,191	613	613	37,951	38,050	1,780	893	986
24,051	24,150	724	373	373	31,051	31,150	1,199	617	617	38,051	38,150	1,789	897	992
24,151	24,250	730	375	375	31,151	31,250	1,207	621	621	38,151	38,250	1,798	901	998
24,251	24,350	736	377	377	31,251	31,350	1,215	625	625	38,251	38,350	1,807	905	1,004
24,351	24,450	742	379	379	31,351	31,450	1,223	629	629	38,351	38,450	1,817	909	1,010
24,451	24,550	748	381	381	31,451	31,550	1,231	633	633	38,451	38,550	1,826	913	1,016
24,551	24,650	754	383	383	31,551	31,650	1,239	637	637	38,551	38,650	1,835	917	1,022
24,651	24,750	760	385	385	31,651	31,750	1,247	641	641	38,651	38,750	1,845	921	1,028
24,751	24,850	766	387	387	31,751	31,850	1,255	645	645	38,751	38,850	1,854	925	1,034
24,851	24,950	772	389	389	31,851	31,950	1,263	649	649	38,851	38,950	1,863	929	1,040
24,951	25,050	778	391	391	31,951	32,050	1,271	653	653	38,951	39,050	1,873	933	1,046
25,051	25,150	784	393	393	32,051	32,150	1,279	657	657	39,051	39,150	1,882	937	1,052
25,151	25,250	790	395	395	32,151	32,250	1,287	661	661	39,151	39,250	1,891	941	1,058
25,251	25,350	796	397	397	32,251	32,350	1,295	665	665	39,251	39,350	1,900	945	1,064
25,351	25,450	802	399	399	32,351	32,450	1,303	669	669	39,351	39,450	1,910	949	1,070
25,451	25,550	808	401	401	32,451	32,550	1,311	673	673	39,451	39,550	1,919	953	1,076
25,551	25,650	814	403	403	32,551	32,650	1,319	677	677	39,551	39,650	1,928	957	1,082
25,651	25,750	820	405	405	32,651	32,750	1,327	681	681	39,651	39,750	1,938	961	1,088
25,751	25,850	826	407	407	32,751	32,850	1,335	685	685	39,751	39,850	1,947	965	1,094
25,851	25,950	832	409	409	32,851	32,950	1,343	689	689	39,851	39,950	1,956	969	1,100
25,951	26,050	838	413	413	32,951	33,050	1,351	693	693	39,951	40,050	1,966	973	1,106
26,051	26,150	844	417	417	33,051	33,150	1,359	697	697	40,051	40,150	1,975	977	1,112
26,151	26,250	850	421	421	33,151	33,250	1,367	701	701	40,151	40,250	1,984	981	1,118
26,251	26,350	856	425	425	33,251	33,350	1,375	705	705	40,251	40,350	1,993	985	1,124
26,351	26,450	862	429	429	33,351	33,450	1,383	709	710	40,351	40,450	2,003	989	1,130

Continued on next page.

2000 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married Filing Separate)		2 or 5 (Married Filing Joint; Qualifying Widow(er))			4 (Head of Household)									
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	2,012	993	1,136	47,451	47,550	2,663	1,406	1,680	54,451	54,550	3,314	1,826	2,315
40,551	40,650	2,021	997	1,142	47,551	47,650	2,672	1,412	1,688	54,551	54,650	3,323	1,832	2,324
40,651	40,750	2,031	1,001	1,148	47,651	47,750	2,682	1,418	1,696	54,651	54,750	3,333	1,838	2,334
40,751	40,850	2,040	1,005	1,154	47,751	47,850	2,691	1,424	1,704	54,751	54,850	3,342	1,844	2,343
40,851	40,950	2,049	1,010	1,160	47,851	47,950	2,700	1,430	1,712	54,851	54,950	3,351	1,850	2,352
40,951	41,050	2,059	1,016	1,166	47,951	48,050	2,710	1,436	1,720	54,951	55,050	3,361	1,856	2,361
41,051	41,150	2,068	1,022	1,172	48,051	48,150	2,719	1,442	1,728	55,051	55,150	3,370	1,862	2,371
41,151	41,250	2,077	1,028	1,178	48,151	48,250	2,728	1,448	1,736	55,151	55,250	3,379	1,868	2,380
41,251	41,350	2,086	1,034	1,184	48,251	48,350	2,737	1,454	1,744	55,251	55,350	3,388	1,874	2,389
41,351	41,450	2,096	1,040	1,192	48,351	48,450	2,747	1,460	1,752	55,351	55,450	3,398	1,880	2,399
41,451	41,550	2,105	1,046	1,200	48,451	48,550	2,756	1,466	1,760	55,451	55,550	3,407	1,886	2,408
41,551	41,650	2,114	1,052	1,208	48,551	48,650	2,765	1,472	1,768	55,551	55,650	3,416	1,892	2,417
41,651	41,750	2,124	1,058	1,216	48,651	48,750	2,775	1,478	1,776	55,651	55,750	3,426	1,898	2,427
41,751	41,850	2,133	1,064	1,224	48,751	48,850	2,784	1,484	1,785	55,751	55,850	3,435	1,904	2,436
41,851	41,950	2,142	1,070	1,232	48,851	48,950	2,793	1,490	1,794	55,851	55,950	3,444	1,910	2,445
41,951	42,050	2,152	1,076	1,240	48,951	49,050	2,803	1,496	1,803	55,951	56,050	3,454	1,916	2,454
42,051	42,150	2,161	1,082	1,248	49,051	49,150	2,812	1,502	1,813	56,051	56,150	3,463	1,922	2,464
42,151	42,250	2,170	1,088	1,256	49,151	49,250	2,821	1,508	1,822	56,151	56,250	3,472	1,928	2,473
42,251	42,350	2,179	1,094	1,264	49,251	49,350	2,830	1,514	1,831	56,251	56,350	3,481	1,934	2,482
42,351	42,450	2,189	1,100	1,272	49,351	49,450	2,840	1,520	1,841	56,351	56,450	3,491	1,940	2,492
42,451	42,550	2,198	1,106	1,280	49,451	49,550	2,849	1,526	1,850	56,451	56,550	3,500	1,946	2,501
42,551	42,650	2,207	1,112	1,288	49,551	49,650	2,858	1,532	1,859	56,551	56,650	3,509	1,952	2,510
42,651	42,750	2,217	1,118	1,296	49,651	49,750	2,868	1,538	1,869	56,651	56,750	3,519	1,959	2,520
42,751	42,850	2,226	1,124	1,304	49,751	49,850	2,877	1,544	1,878	56,751	56,850	3,528	1,967	2,529
42,851	42,950	2,235	1,130	1,312	49,851	49,950	2,886	1,550	1,887	56,851	56,950	3,537	1,975	2,538
42,951	43,050	2,245	1,136	1,320	49,951	50,050	2,896	1,556	1,896	56,951	57,050	3,547	1,983	2,547
43,051	43,150	2,254	1,142	1,328	50,051	50,150	2,905	1,562	1,906	57,051	57,150	3,556	1,991	2,557
43,151	43,250	2,263	1,148	1,336	50,151	50,250	2,914	1,568	1,915	57,151	57,250	3,565	1,999	2,566
43,251	43,350	2,272	1,154	1,344	50,251	50,350	2,923	1,574	1,924	57,251	57,350	3,574	2,007	2,575
43,351	43,450	2,282	1,160	1,352	50,351	50,450	2,933	1,580	1,934	57,351	57,450	3,584	2,015	2,585
43,451	43,550	2,291	1,166	1,360	50,451	50,550	2,942	1,586	1,943	57,451	57,550	3,593	2,023	2,594
43,551	43,650	2,300	1,172	1,368	50,551	50,650	2,951	1,592	1,952	57,551	57,650	3,602	2,031	2,603
43,651	43,750	2,310	1,178	1,376	50,651	50,750	2,961	1,598	1,962	57,651	57,750	3,612	2,039	2,613
43,751	43,850	2,319	1,184	1,384	50,751	50,850	2,970	1,604	1,971	57,751	57,850	3,621	2,047	2,622
43,851	43,950	2,328	1,190	1,392	50,851	50,950	2,979	1,610	1,980	57,851	57,950	3,630	2,055	2,631
43,951	44,050	2,338	1,196	1,400	50,951	51,050	2,989	1,616	1,989	57,951	58,050	3,640	2,063	2,640
44,051	44,150	2,347	1,202	1,408	51,051	51,150	2,998	1,622	1,999	58,051	58,150	3,649	2,071	2,650
44,151	44,250	2,356	1,208	1,416	51,151	51,250	3,007	1,628	2,008	58,151	58,250	3,658	2,079	2,659
44,251	44,350	2,365	1,214	1,424	51,251	51,350	3,016	1,634	2,017	58,251	58,350	3,667	2,087	2,668
44,351	44,450	2,375	1,220	1,432	51,351	51,450	3,026	1,640	2,027	58,351	58,450	3,677	2,095	2,678
44,451	44,550	2,384	1,226	1,440	51,451	51,550	3,035	1,646	2,036	58,451	58,550	3,686	2,103	2,687
44,551	44,650	2,393	1,232	1,448	51,551	51,650	3,044	1,652	2,045	58,551	58,650	3,695	2,111	2,696
44,651	44,750	2,403	1,238	1,456	51,651	51,750	3,054	1,658	2,055	58,651	58,750	3,705	2,119	2,706
44,751	44,850	2,412	1,244	1,464	51,751	51,850	3,063	1,664	2,064	58,751	58,850	3,714	2,127	2,715
44,851	44,950	2,421	1,250	1,472	51,851	51,950	3,072	1,670	2,073	58,851	58,950	3,723	2,135	2,724
44,951	45,050	2,431	1,256	1,480	51,951	52,050	3,082	1,676	2,082	58,951	59,050	3,733	2,143	2,733
45,051	45,150	2,440	1,262	1,488	52,051	52,150	3,091	1,682	2,092	59,051	59,150	3,742	2,151	2,743
45,151	45,250	2,449	1,268	1,496	52,151	52,250	3,100	1,688	2,101	59,151	59,250	3,751	2,159	2,752
45,251	45,350	2,458	1,274	1,504	52,251	52,350	3,109	1,694	2,110	59,251	59,350	3,760	2,167	2,761
45,351	45,450	2,468	1,280	1,512	52,351	52,450	3,119	1,700	2,120	59,351	59,450	3,770	2,175	2,771
45,451	45,550	2,477	1,286	1,520	52,451	52,550	3,128	1,706	2,129	59,451	59,550	3,779	2,183	2,780
45,551	45,650	2,486	1,292	1,528	52,551	52,650	3,137	1,712	2,138	59,551	59,650	3,788	2,191	2,789
45,651	45,750	2,496	1,298	1,536	52,651	52,750	3,147	1,718	2,148	59,651	59,750	3,798	2,199	2,799
45,751	45,850	2,505	1,304	1,544	52,751	52,850	3,156	1,724	2,157	59,751	59,850	3,807	2,207	2,808
45,851	45,950	2,514	1,310	1,552	52,851	52,950	3,165	1,730	2,166	59,851	59,950	3,816	2,215	2,817
45,951	46,050	2,524	1,316	1,560	52,951	53,050	3,175	1,736	2,175	59,951	60,050	3,826	2,223	2,826
46,051	46,150	2,533	1,322	1,568	53,051	53,150	3,184	1,742	2,185	60,051	60,150	3,835	2,231	2,836
46,151	46,250	2,542	1,328	1,576	53,151	53,250	3,193	1,748	2,194	60,151	60,250	3,844	2,239	2,845
46,251	46,350	2,551	1,334	1,584	53,251	53,350	3,202	1,754	2,203	60,251	60,350	3,853	2,247	2,854
46,351	46,450	2,561	1,340	1,592	53,351	53,450	3,212	1,760	2,213	60,351	60,450	3,863	2,255	2,864
46,451	46,550	2,570	1,346	1,600	53,451	53,550	3,221	1,766	2,222	60,451	60,550	3,872	2,263	2,873
46,551	46,650	2,579	1,352	1,608	53,551	53,650	3,230	1,772	2,231	60,551	60,650	3,881	2,271	2,882
46,651	46,750	2,589	1,358	1,616	53,651	53,750	3,240	1,778	2,241	60,651	60,750	3,891	2,279	2,892
46,751	46,850	2,598	1,364	1,624	53,751	53,850	3,249	1,784	2,250	60,751	60,850	3,900	2,287	2,901
46,851	46,950	2,607	1,370	1,632	53,851	53,950	3,258	1,790	2,259	60,851	60,950	3,909	2,295	2,910
46,951	47,050	2,617	1,376	1,640	53,951	54,050	3,268	1,796	2,268	60,951	61,050	3,919	2,303	2,919
47,051	47,150	2,626	1,382	1,648	54,051	54,150	3,277	1,802	2,278	61,051	61,150	3,928	2,311	2,929
47,151	47,250	2,635	1,388	1,656	54,151	54,250	3,286	1,808	2,287	61,151	61,250	3,937	2,319	2,938
47,251	47,350	2,644	1,394	1,664	54,251	54,350	3,295	1,814	2,296	61,251	61,350	3,946	2,327	2,947
47,351	47,450	2,654	1,400	1,672	54,351	54,450	3,305	1,820	2,306	61,351	61,450	3,956	2,335	2,957

Continued on next page.

2000 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married Filing Separate)		2 or 5 (Married Filing Joint; Qualifying Widow(er))					4 (Head of Household)							
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
61,451	61,550	3,965	2,343	2,966	68,451	68,550	4,616	2,903	3,617	75,451	75,550	5,267	3,513	4,268
61,551	61,650	3,974	2,351	2,975	68,551	68,650	4,625	2,911	3,626	75,551	75,650	5,276	3,522	4,277
61,651	61,750	3,984	2,359	2,985	68,651	68,750	4,635	2,919	3,636	75,651	75,750	5,286	3,531	4,287
61,751	61,850	3,993	2,367	2,994	68,751	68,850	4,644	2,927	3,645	75,751	75,850	5,295	3,540	4,296
61,851	61,950	4,002	2,375	3,003	68,851	68,950	4,653	2,935	3,654	75,851	75,950	5,304	3,550	4,305
61,951	62,050	4,012	2,383	3,012	68,951	69,050	4,663	2,943	3,663	75,951	76,050	5,314	3,559	4,314
62,051	62,150	4,021	2,391	3,022	69,051	69,150	4,672	2,951	3,673	76,051	76,150	5,323	3,568	4,324
62,151	62,250	4,030	2,399	3,031	69,151	69,250	4,681	2,959	3,682	76,151	76,250	5,332	3,578	4,333
62,251	62,350	4,039	2,407	3,040	69,251	69,350	4,690	2,967	3,691	76,251	76,350	5,341	3,587	4,342
62,351	62,450	4,049	2,415	3,050	69,351	69,450	4,700	2,975	3,701	76,351	76,450	5,351	3,596	4,352
62,451	62,550	4,058	2,423	3,059	69,451	69,550	4,709	2,983	3,710	76,451	76,550	5,360	3,606	4,361
62,551	62,650	4,067	2,431	3,068	69,551	69,650	4,718	2,991	3,719	76,551	76,650	5,369	3,615	4,370
62,651	62,750	4,077	2,439	3,078	69,651	69,750	4,728	2,999	3,729	76,651	76,750	5,379	3,624	4,380
62,751	62,850	4,086	2,447	3,087	69,751	69,850	4,737	3,007	3,738	76,751	76,850	5,388	3,633	4,389
62,851	62,950	4,095	2,455	3,096	69,851	69,950	4,746	3,015	3,747	76,851	76,950	5,397	3,643	4,398
62,951	63,050	4,105	2,463	3,105	69,951	70,050	4,756	3,023	3,756	76,951	77,050	5,407	3,652	4,407
63,051	63,150	4,114	2,471	3,115	70,051	70,150	4,765	3,031	3,766	77,051	77,150	5,416	3,661	4,417
63,151	63,250	4,123	2,479	3,124	70,151	70,250	4,774	3,039	3,775	77,151	77,250	5,425	3,671	4,426
63,251	63,350	4,132	2,487	3,133	70,251	70,350	4,783	3,047	3,784	77,251	77,350	5,434	3,680	4,435
63,351	63,450	4,142	2,495	3,143	70,351	70,450	4,793	3,055	3,794	77,351	77,450	5,444	3,689	4,445
63,451	63,550	4,151	2,503	3,152	70,451	70,550	4,802	3,063	3,803	77,451	77,550	5,453	3,699	4,454
63,551	63,650	4,160	2,511	3,161	70,551	70,650	4,811	3,071	3,812	77,551	77,650	5,462	3,708	4,463
63,651	63,750	4,170	2,519	3,171	70,651	70,750	4,821	3,079	3,822	77,651	77,750	5,472	3,717	4,473
63,751	63,850	4,179	2,527	3,180	70,751	70,850	4,830	3,087	3,831	77,751	77,850	5,481	3,726	4,482
63,851	63,950	4,188	2,535	3,189	70,851	70,950	4,839	3,095	3,840	77,851	77,950	5,490	3,736	4,491
63,951	64,050	4,198	2,543	3,198	70,951	71,050	4,849	3,103	3,849	77,951	78,050	5,500	3,745	4,500
64,051	64,150	4,207	2,551	3,208	71,051	71,150	4,858	3,111	3,859	78,051	78,150	5,509	3,754	4,510
64,151	64,250	4,216	2,559	3,217	71,151	71,250	4,867	3,119	3,868	78,151	78,250	5,518	3,764	4,519
64,251	64,350	4,225	2,567	3,226	71,251	71,350	4,876	3,127	3,877	78,251	78,350	5,527	3,773	4,528
64,351	64,450	4,235	2,575	3,236	71,351	71,450	4,886	3,135	3,887	78,351	78,450	5,537	3,782	4,538
64,451	64,550	4,244	2,583	3,245	71,451	71,550	4,895	3,143	3,896	78,451	78,550	5,546	3,792	4,547
64,551	64,650	4,253	2,591	3,254	71,551	71,650	4,904	3,151	3,905	78,551	78,650	5,555	3,801	4,556
64,651	64,750	4,263	2,599	3,264	71,651	71,750	4,914	3,159	3,915	78,651	78,750	5,565	3,810	4,566
64,751	64,850	4,272	2,607	3,273	71,751	71,850	4,923	3,168	3,924	78,751	78,850	5,574	3,819	4,575
64,851	64,950	4,281	2,615	3,282	71,851	71,950	4,932	3,178	3,933	78,851	78,950	5,583	3,829	4,584
64,951	65,050	4,291	2,623	3,291	71,951	72,050	4,942	3,187	3,942	78,951	79,050	5,593	3,838	4,593
65,051	65,150	4,300	2,631	3,301	72,051	72,150	4,951	3,196	3,952	79,051	79,150	5,602	3,847	4,603
65,151	65,250	4,309	2,639	3,310	72,151	72,250	4,960	3,206	3,961	79,151	79,250	5,611	3,857	4,612
65,251	65,350	4,318	2,647	3,319	72,251	72,350	4,969	3,215	3,970	79,251	79,350	5,620	3,866	4,621
65,351	65,450	4,328	2,655	3,329	72,351	72,450	4,979	3,224	3,980	79,351	79,450	5,630	3,875	4,631
65,451	65,550	4,337	2,663	3,338	72,451	72,550	4,988	3,234	3,989	79,451	79,550	5,639	3,885	4,640
65,551	65,650	4,346	2,671	3,347	72,551	72,650	4,997	3,243	3,998	79,551	79,650	5,648	3,894	4,649
65,651	65,750	4,356	2,679	3,357	72,651	72,750	5,007	3,252	4,008	79,651	79,750	5,658	3,903	4,659
65,751	65,850	4,365	2,687	3,366	72,751	72,850	5,016	3,261	4,017	79,751	79,850	5,667	3,912	4,668
65,851	65,950	4,374	2,695	3,375	72,851	72,950	5,025	3,271	4,026	79,851	79,950	5,676	3,922	4,677
65,951	66,050	4,384	2,703	3,384	72,951	73,050	5,035	3,280	4,035	79,951	80,050	5,686	3,931	4,686
66,051	66,150	4,393	2,711	3,394	73,051	73,150	5,044	3,289	4,045	80,051	80,150	5,695	3,940	4,696
66,151	66,250	4,402	2,719	3,403	73,151	73,250	5,053	3,299	4,054	80,151	80,250	5,704	3,950	4,705
66,251	66,350	4,411	2,727	3,412	73,251	73,350	5,062	3,308	4,063	80,251	80,350	5,713	3,959	4,714
66,351	66,450	4,421	2,735	3,422	73,351	73,450	5,072	3,317	4,073	80,351	80,450	5,723	3,968	4,724
66,451	66,550	4,430	2,743	3,431	73,451	73,550	5,081	3,327	4,082	80,451	80,550	5,732	3,978	4,733
66,551	66,650	4,439	2,751	3,440	73,551	73,650	5,090	3,336	4,091	80,551	80,650	5,741	3,987	4,742
66,651	66,750	4,449	2,759	3,450	73,651	73,750	5,100	3,345	4,101	80,651	80,750	5,751	3,996	4,752
66,751	66,850	4,458	2,767	3,459	73,751	73,850	5,109	3,354	4,110	80,751	80,850	5,760	4,005	4,761
66,851	66,950	4,467	2,775	3,468	73,851	73,950	5,118	3,364	4,119	80,851	80,950	5,769	4,015	4,770
66,951	67,050	4,477	2,783	3,477	73,951	74,050	5,128	3,373	4,128	80,951	81,050	5,779	4,024	4,779
67,051	67,150	4,486	2,791	3,487	74,051	74,150	5,137	3,382	4,138	81,051	81,150	5,788	4,033	4,789
67,151	67,250	4,495	2,799	3,496	74,151	74,250	5,146	3,392	4,147	81,151	81,250	5,797	4,043	4,798
67,251	67,350	4,504	2,807	3,505	74,251	74,350	5,155	3,401	4,156	81,251	81,350	5,806	4,052	4,807
67,351	67,450	4,514	2,815	3,515	74,351	74,450	5,165	3,410	4,166	81,351	81,450	5,816	4,061	4,817
67,451	67,550	4,523	2,823	3,524	74,451	74,550	5,174	3,420	4,175	81,451	81,550	5,825	4,071	4,826
67,551	67,650	4,532	2,831	3,533	74,551	74,650	5,183	3,429	4,184	81,551	81,650	5,834	4,080	4,835
67,651	67,750	4,542	2,839	3,543	74,651	74,750	5,193	3,438	4,194	81,651	81,750	5,844	4,089	4,845
67,751	67,850	4,551	2,847	3,552	74,751	74,850	5,202	3,447	4,203	81,751	81,850	5,853	4,098	4,854
67,851	67,950	4,560	2,855	3,561	74,851	74,950	5,211	3,457	4,212	81,851	81,950	5,862	4,108	4,863
67,951	68,050	4,570	2,863	3,570	74,951	75,050	5,221	3,466	4,221	81,951	82,050	5,872	4,117	4,872
68,051	68,150	4,579	2,871	3,580	75,051	75,150	5,230	3,475	4,231	82,051	82,150	5,881	4,126	4,882
68,151	68,250	4,588	2,879	3,589	75,151	75,250	5,239	3,485	4,240	82,151	82,250	5,890	4,136	4,891
68,251	68,350	4,597	2,887	3,598	75,251	75,350	5,248	3,494	4,249	82,251	82,350	5,899	4,145	4,900
68,351	68,450	4,607	2,895	3,608	75,351	75,450	5,258	3,503	4,259	82,351	82,450	5,909	4,154	4,910

Continued on next page.

2000 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married Filing Separate) 2 or 5 (Married Filing Joint; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
82,451	82,550	5,918	4,164	4,919	88,451	88,550	6,476	4,722	5,477	94,451	94,550	7,034	5,280	6,035
82,551	82,650	5,927	4,173	4,928	88,551	88,650	6,485	4,731	5,486	94,551	94,650	7,043	5,289	6,044
82,651	82,750	5,937	4,182	4,938	88,651	88,750	6,495	4,740	5,496	94,651	94,750	7,053	5,298	6,054
82,751	82,850	5,946	4,191	4,947	88,751	88,850	6,504	4,749	5,505	94,751	94,850	7,062	5,307	6,063
82,851	82,950	5,955	4,201	4,956	88,851	88,950	6,513	4,759	5,514	94,851	94,950	7,071	5,317	6,072
82,951	83,050	5,965	4,210	4,965	88,951	89,050	6,523	4,768	5,523	94,951	95,050	7,081	5,326	6,081
83,051	83,150	5,974	4,219	4,975	89,051	89,150	6,532	4,777	5,533	95,051	95,150	7,090	5,335	6,091
83,151	83,250	5,983	4,229	4,984	89,151	89,250	6,541	4,787	5,542	95,151	95,250	7,099	5,345	6,100
83,251	83,350	5,992	4,238	4,993	89,251	89,350	6,550	4,796	5,551	95,251	95,350	7,108	5,354	6,109
83,351	83,450	6,002	4,247	5,003	89,351	89,450	6,560	4,805	5,561	95,351	95,450	7,118	5,363	6,119
83,451	83,550	6,011	4,257	5,012	89,451	89,550	6,569	4,815	5,570	95,451	95,550	7,127	5,373	6,128
83,551	83,650	6,020	4,266	5,021	89,551	89,650	6,578	4,824	5,579	95,551	95,650	7,136	5,382	6,137
83,651	83,750	6,030	4,275	5,031	89,651	89,750	6,588	4,833	5,589	95,651	95,750	7,146	5,391	6,147
83,751	83,850	6,039	4,284	5,040	89,751	89,850	6,597	4,842	5,598	95,751	95,850	7,155	5,400	6,156
83,851	83,950	6,048	4,294	5,049	89,851	89,950	6,606	4,852	5,607	95,851	95,950	7,164	5,410	6,165
83,951	84,050	6,058	4,303	5,058	89,951	90,050	6,616	4,861	5,616	95,951	96,050	7,174	5,419	6,174
84,051	84,150	6,067	4,312	5,068	90,051	90,150	6,625	4,870	5,626	96,051	96,150	7,183	5,428	6,184
84,151	84,250	6,076	4,322	5,077	90,151	90,250	6,634	4,880	5,635	96,151	96,250	7,192	5,438	6,193
84,251	84,350	6,085	4,331	5,086	90,251	90,350	6,643	4,889	5,644	96,251	96,350	7,201	5,447	6,202
84,351	84,450	6,095	4,340	5,096	90,351	90,450	6,653	4,898	5,654	96,351	96,450	7,211	5,456	6,212
84,451	84,550	6,104	4,350	5,105	90,451	90,550	6,662	4,908	5,663	96,451	96,550	7,220	5,466	6,221
84,551	84,650	6,113	4,359	5,114	90,551	90,650	6,671	4,917	5,672	96,551	96,650	7,229	5,475	6,230
84,651	84,750	6,123	4,368	5,124	90,651	90,750	6,681	4,926	5,682	96,651	96,750	7,239	5,484	6,240
84,751	84,850	6,132	4,377	5,133	90,751	90,850	6,690	4,935	5,691	96,751	96,850	7,248	5,493	6,249
84,851	84,950	6,141	4,387	5,142	90,851	90,950	6,699	4,945	5,700	96,851	96,950	7,257	5,503	6,258
84,951	85,050	6,151	4,396	5,151	90,951	91,050	6,709	4,954	5,709	96,951	97,050	7,267	5,512	6,267
85,051	85,150	6,160	4,405	5,161	91,051	91,150	6,718	4,963	5,719	97,051	97,150	7,276	5,521	6,277
85,151	85,250	6,169	4,415	5,170	91,151	91,250	6,727	4,973	5,728	97,151	97,250	7,285	5,531	6,286
85,251	85,350	6,178	4,424	5,179	91,251	91,350	6,736	4,982	5,737	97,251	97,350	7,294	5,540	6,295
85,351	85,450	6,188	4,433	5,189	91,351	91,450	6,746	4,991	5,747	97,351	97,450	7,304	5,549	6,305
85,451	85,550	6,197	4,443	5,198	91,451	91,550	6,755	5,001	5,756	97,451	97,550	7,313	5,559	6,314
85,551	85,650	6,206	4,452	5,207	91,551	91,650	6,764	5,010	5,765	97,551	97,650	7,322	5,568	6,323
85,651	85,750	6,216	4,461	5,217	91,651	91,750	6,774	5,019	5,775	97,651	97,750	7,332	5,577	6,333
85,751	85,850	6,225	4,470	5,226	91,751	91,850	6,783	5,028	5,784	97,751	97,850	7,341	5,586	6,342
85,851	85,950	6,234	4,480	5,235	91,851	91,950	6,792	5,038	5,793	97,851	97,950	7,350	5,596	6,351
85,951	86,050	6,244	4,489	5,244	91,951	92,050	6,802	5,047	5,802	97,951	98,050	7,360	5,605	6,360
86,051	86,150	6,253	4,498	5,254	92,051	92,150	6,811	5,056	5,812	98,051	98,150	7,369	5,614	6,370
86,151	86,250	6,262	4,508	5,263	92,151	92,250	6,820	5,066	5,821	98,151	98,250	7,378	5,624	6,379
86,251	86,350	6,271	4,517	5,272	92,251	92,350	6,829	5,075	5,830	98,251	98,350	7,387	5,633	6,388
86,351	86,450	6,281	4,526	5,282	92,351	92,450	6,839	5,084	5,840	98,351	98,450	7,397	5,642	6,398
86,451	86,550	6,290	4,536	5,291	92,451	92,550	6,848	5,094	5,849	98,451	98,550	7,406	5,652	6,407
86,551	86,650	6,299	4,545	5,300	92,551	92,650	6,857	5,103	5,858	98,551	98,650	7,415	5,661	6,416
86,651	86,750	6,309	4,554	5,310	92,651	92,750	6,867	5,112	5,868	98,651	98,750	7,425	5,670	6,426
86,751	86,850	6,318	4,563	5,319	92,751	92,850	6,876	5,121	5,877	98,751	98,850	7,434	5,679	6,435
86,851	86,950	6,327	4,573	5,328	92,851	92,950	6,885	5,131	5,886	98,851	98,950	7,443	5,689	6,444
86,951	87,050	6,337	4,582	5,337	92,951	93,050	6,895	5,140	5,895	98,951	99,050	7,453	5,698	6,453
87,051	87,150	6,346	4,591	5,347	93,051	93,150	6,904	5,149	5,905	99,051	99,150	7,462	5,707	6,463
87,151	87,250	6,355	4,601	5,356	93,151	93,250	6,913	5,159	5,914	99,151	99,250	7,471	5,717	6,472
87,251	87,350	6,364	4,610	5,365	93,251	93,350	6,922	5,168	5,923	99,251	99,350	7,480	5,726	6,481
87,351	87,450	6,374	4,619	5,375	93,351	93,450	6,932	5,177	5,933	99,351	99,450	7,490	5,735	6,491
87,451	87,550	6,383	4,629	5,384	93,451	93,550	6,941	5,187	5,942	99,451	99,550	7,499	5,745	6,500
87,551	87,650	6,392	4,638	5,393	93,551	93,650	6,950	5,196	5,951	99,551	99,650	7,508	5,754	6,509
87,651	87,750	6,402	4,647	5,403	93,651	93,750	6,960	5,205	5,961	99,651	99,750	7,518	5,763	6,519
87,751	87,850	6,411	4,656	5,412	93,751	93,850	6,969	5,214	5,970	99,751	99,850	7,527	5,772	6,528
87,851	87,950	6,420	4,666	5,421	93,851	93,950	6,978	5,224	5,979	99,851	99,950	7,536	5,782	6,537
87,951	88,050	6,430	4,675	5,430	93,951	94,050	6,988	5,233	5,988	99,951	100,000	7,543	5,789	6,544
88,051	88,150	6,439	4,684	5,440	94,051	94,150	6,997	5,242	5,998	OVER \$100,000 YOU MUST USE THE TAX RATE SCHEDULES on page 66.				
88,151	88,250	6,448	4,694	5,449	94,151	94,250	7,006	5,252	6,007					
88,251	88,350	6,457	4,703	5,458	94,251	94,350	7,015	5,261	6,016					
88,351	88,450	6,467	4,712	5,468	94,351	94,450	7,025	5,270	6,026					

2000 California Tax Rate Schedules

Caution: Use only if your taxable income on Form 540, line 19 or Form 540A, line 16 is more than \$100,000. If \$100,000 or less, use the Tax Table.

	If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the amount over –
	over –	But not over –			
Schedule X - Use if your filing status is Single or Married Filing Separate	\$ 0	\$ 5,459	\$ 0.00	+ 1.0%	\$ 0
	5,459	12,939	54.59	+ 2.0%	5,459
	12,939	20,421	204.19	+ 4.0%	12,939
	20,421	28,348	503.47	+ 6.0%	20,421
	28,348	35,826	979.09	+ 8.0%	28,348
	35,826	AND OVER	1,577.33	+ 9.3%	35,826

	If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the amount over –
	over –	But not over –			
Schedule Y - Use if your filing status is Married Filing Joint or Qualifying Widow(er) with Dependent Child	\$ 0	\$ 10,918	\$ 0.00	+ 1.0%	\$ 0
	10,918	25,878	109.18	+ 2.0%	10,918
	25,878	40,842	408.38	+ 4.0%	25,878
	40,842	56,696	1,006.94	+ 6.0%	40,842
	56,696	71,652	1,958.18	+ 8.0%	56,696
	71,652	AND OVER	3,154.66	+ 9.3%	71,652

	If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the amount over –
	over –	But not over –			
Schedule Z - Use if your filing status is Head of Household	\$ 0	\$ 10,921	\$ 0.00	+ 1.0%	\$ 0
	10,921	25,878	109.21	+ 2.0%	10,921
	25,878	33,358	408.35	+ 4.0%	25,878
	33,358	41,285	707.55	+ 6.0%	33,358
	41,285	48,765	1,183.17	+ 8.0%	41,285
	48,765	AND OVER	1,781.57	+ 9.3%	48,765

How to Figure Tax Using the 2000 California Tax Rate Schedules

 **Tip** Go to www.ftb.ca.gov to e-file and eliminate the math. Or select Forms and Publications and use the on-line tax calculator to figure your tax.

Example: Richard and Valerie Green are filing a joint return using Form 540. Their taxable income on Form 540, line 19 is \$125,000.

Step 1: Using Schedule Y, they find the taxable income range that includes their taxable income of \$125,000. See the boxed range in the sample below.

	If the amount on Form 540, line 19 is:		Enter on Form 540, line 20		of the amount over –
	over –	But not over –			
Schedule Y - Use if your filing status is Married Filing Joint or Qualifying Widow(er) with Dependent Child	\$ 0	\$ 10,918	\$ 0.00	+ 1.0%	\$ 0
	10,918	25,878	109.18	+ 2.0%	10,918
	25,878	40,842	408.38	+ 4.0%	25,878
	40,842	56,696	1,006.94	+ 6.0%	40,842
	56,696	71,652	1,958.18	+ 8.0%	56,696
	71,652	AND OVER	3,154.66	+ 9.3%	71,652

	Example	Your Income
Step 2: They subtract the amount at the beginning of their range from their taxable income.	\$125,000 - 71,652 \$ 53,348	\$ _____ - _____ \$ _____
Step 3: They multiply the result from Step 2 by the percentage for their range.	\$53,348 x .093 \$ 4,961.36	\$ _____ x _____ \$ _____
Step 4: They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$8,116 on Form 540, line 20. For information on rounding, see "Filling in your Return" on page 6.	\$3,154.66 + 4,961.36 \$8,116.02	\$ _____ + _____ \$ _____

How To Get California Tax Information

(Keep This Booklet For Future Use)

Where To Get Income Tax Forms and Publications

By Internet – You may download, view, and print California income tax forms and publications; or, you may have these forms and publications mailed to you. Many of our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping. Go to our Website at: www.ftb.ca.gov

By phone – To order 1998 – 2000 California tax forms and publications and 2000 federal booklets:

- Refer to the list on the next page and find the code number for the form you want to order.
- Call (800) 338-0505.
- Select “Personal Income Tax.”
- Select “To Order Forms and Publications.”
- Enter the three-digit form code when you are instructed.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

In person – Most libraries, post offices, and banks provide free California tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply). **Note:** Employees at libraries, post offices, banks, and quick print businesses cannot provide tax information or assistance.

By mail – Write to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

Letters

If you write to us, be sure your letter includes your social security number, and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will respond to your letter within six weeks. In some cases, we may need to call you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the return.

Field Offices

You can get information, pick up California tax forms, and resolve problems on your account if you visit one of our field offices. FTB field office locations are open Monday through Friday from 8 a.m. to 5 p.m.

Field Office	Address
Bakersfield	1800 30th St., Suite 370
Fresno	2550 Mariposa St., Room 3002
Long Beach	4300 Long Beach Blvd., Suite 700B
Los Angeles	300 S. Spring St., Suite 5704
Oakland	1515 Clay St., Suite 305
Sacramento	3321 Power Inn Rd., Suite 250
San Bernardino	464 W. 4th St., Suite 454
San Diego	7575 Metropolitan Dr., Suite 201
San Francisco	455 Golden Gate Ave., Suite 7400
San Jose	96 N. Third St., 4th Floor
Santa Ana	600 W. Santa Ana Blvd., Suite 300
Santa Rosa	50 D St., Room 100
Stockton	31 East Channel St., Suite 219
Ventura	4820 McGrath St., Suite 270
West Covina	100 N. Barranca St., Suite 600
Van Nuys	15350 Sherman Way, Suite 100

Filing assistance will be available additional hours from January 16 through April 16, 2001. For extended hours information, call (800) 338-0505, select personal income tax, then select general information, and enter code **110** when instructed.

General Toll-Free Phone Service

Between January 2 – April 16, 2001, our general toll-free phone service is available:

- Monday – Friday, 6 a.m. until midnight; and
- Saturdays and holidays, 7 a.m. until 4 p.m.

After April 16, 2001, our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.
- Saturdays, 7 a.m. until 4 p.m.

We may modify these hours without notice to meet operational needs.

From within the United States (800) 852-5711
From outside the United States (not toll-free) (916) 845-6500
For federal tax questions, call the IRS at (800) 829-1040

Assistance for persons with disabilities

The FTB complies with provisions of the Americans with Disabilities Act. Persons with a hearing or speech impairment call:

From voice phone (California Relay Service) (800) 735-2922
From TTY/TDD (Direct line to FTB customer service) (800) 822-6268
For all other assistance or special accommodations (800) 852-5711

Large-print forms and instructions – The Resident Booklet is available in large print upon request and is also available on cassette tape. See “Where To Get Income Tax Forms and Publications” on this page.

Asistencia bilingüe en español

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

Your Rights As A Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers’ Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers’ Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See “Where To Get Income Tax Forms and Publications,” on this page.

Privacy Act Notice

The Information Practices Act of 1977 and the federal Privacy Act require the Franchise Tax Board to tell you why we ask you for information. The Operations and Compliance Branches ask for tax return information to carry out the Personal Income Tax Law of the State of California. We may request additional information if we audit your return or take collection action.

If you meet the income requirements, the Revenue and Taxation Code requires you to file a return on the form we prescribe (Sections 18501 and 18621). When you file this or other documents, you must include your social security number for identification and return processing (Section 18624).

It is mandatory to furnish all information requested when you are required to file any documents prescribed by the Franchise Tax Board. If you do not file a return, or do not provide the information we ask for, or provide fraudulent information, the law states you may be charged penalties and interest and, in certain cases, you may be subject to criminal prosecution. We also may disallow claimed exemptions, exclusions, credits, deductions, or adjustments. This could make the tax higher or delay or reduce any refund.

We may give the information you furnish us to the United States Internal Revenue Service, the proper official of any state imposing an income tax or a tax measured by income, the Multistate Tax Commission, and California government agencies and officials, as provided by law. If you owe any monies, we may disclose the amount due to employers, financial institutions, county recorders, vacation trust funds, process agents, and other payers.

You have a right to access records containing your personal information maintained by the Franchise Tax Board. The officials responsible for maintaining the information are: 1) Filing of returns – Chief, Filing Division; 2) Auditing of returns – Chief, Audit Division; and 3) Collection of monies – Chief, Accounts Receivable Management Division. The address is:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-1040

Telephone: Within the United States (800) 852-5711
Outside the United States (not toll-free) (916) 845-6500

Our automated toll-free phone service is available 24 hours a day, 7 days a week, in English and Spanish to callers with touch-tone telephones. You can:

- Order California and federal tax forms and publications;
- Get current year tax refund information;
- Get balance due and payment information; and
- Hear recorded answers to many of your questions about California taxes.

Have paper and pencil ready to take notes.

Call from within the

United States (800) 338-0505

Call from outside the

United States (not toll-free) . . . (916) 845-6600

Order Forms and Publications

If your current address is on file, you can order California tax forms for the current and prior years. You can also order current year federal tax booklets between January 2 and April 16. See the following list of forms and follow the instructions for ordering forms on the previous page.

Code California Tax Forms and Publications

- 900 California Resident Income Tax Booklet: Form 540, Resident Income Tax Return Form 540A, Resident Income Tax Return
- 965 Form 540 2EZ Tax Booklet
- 903 Schedule CA (540), California Adjustments: FTB 3885A, Depreciation & Amortization Adjustments Schedule D, California Capital Gain or Loss Adjustment
- 969 Large print Resident Booklet (current year only)
- 970 Resident Booklet on cassette (current and prior year only)
- 907 540-ES, Estimated Tax for Individuals
- 908 540X, Amended Individual Income Tax Return
- 909 Schedule D-1, Sales of Business Property
- 910 Schedule G-1, Tax on Lump-Sum Distribution
- 911 Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents
- 913 Schedule S, Other State Tax Credit
- 914 California Nonresident Income Tax Booklet: Form 540NR, Nonresident or Part-Year Resident Income Tax Return
- 917 Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents
- 918 Schedule P (540NR), Alternative Minimum Tax and Credit Limitations – Nonresident or Part-Year Residents
- 956 FTB 3503, Natural Heritage Preservation Credit
- 933 FTB 3504, Long-Term Care Credit
- 947 FTB 3505, Teacher Retention Credit
- 937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return
- 921 FTB 3519, Payment Voucher for Automatic Extension for Individuals
- 972 FTB 3520, Power of Attorney Form and FTB Pub. 1144
- 922 FTB 3525, Substitute for W-2 Wage and Tax Statement. . .
- 923 FTB 3526, Investment Interest Expense Deduction
- 940 FTB 3540, Credit Carryover Summary
- 949 FTB 3567, Installment Agreement Request
- 924 FTB 3800, Tax Computation for Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 930 FTB 3803, Parents' Election to Report Child's Interest and Dividends
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) — Individuals

- 901 FTB 3805Z, Enterprise Zone Businesses
- 927 FTB 5805, Underpayment of Estimated Tax
- 919 FTB Pub. 1001, Supplemental Guidelines to California Adjustments
- 920 FTB Pub. 1005, Pension and Annuity Guidelines
- 945 FTB Pub. 1006, California Tax Forms and Related Federal Forms
- 946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights
- 941 FTB Pub. 1031, Guidelines for Determining Resident Status
- 942 FTB Pub. 1032, Tax Information for Military Personnel
- 951 FTB Pub. 1051A, Guidelines for Married Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status Information

Code Federal Tax Forms

- 902 1040 Booklet (with Schedules A, B, D, & E; Forms 1040V, EIC, and 2441)
- 904 1040A Booklet (with Schedule 1; Form EIC)
- 915 1040EZ Booklet

Current Year Refund Information

If you file by mail, you should wait at least 8 weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service.

Balance Due And Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service.

Answers To Tax Questions

Call our automated phone service, select personal income tax information, then general information, and enter the 3-digit question code.

Code Filing Assistance:

- 100 Do I need to file a return?
- 103 What is and how do I qualify for the Child and Dependent Care Expenses Credit?
- 108 What is a qualifying individual for the Child and Dependent Expenses Care Credit?
- 111 Which form should I use?
- 112 How do I file electronically and get a fast refund?
- 113 What is the Teacher Retention Credit?
- 200 Where can I pick up a form or publication today?
- 201 How can I get an extension to file?
- 203 What is and how do I qualify for the nonrefundable renter's credit?
- 204 I never received a Form W-2. What do I do?
- 205 I have no withholding taken out. What do I do?
- 206 Do I have to attach a copy of my federal return?
- 207 Should I file my return even though I do not have the money to pay?
- 208 How do I figure my estimated tax payments?
- 209 I lived in California for part of the year. Do I have to file a return?
- 210 I do not live in California. Why do I have to file a return?
- 211 How do I figure my IRA deduction?
- 212 How do I claim my disaster related loss?

- 214 What is the status of the Board of Equalization case (Appeal of Helmi Hisserich) regarding a qualifying dependent for the head of household filing status?
- 215 Who qualifies me to use the head of household filing status?
- 216 I'm due a refund. Do I still need to file a return?
- 217 I am currently/was in the military. Do I have to file a California return?
- 218 I'm in the military. Do I have to use the same filing status as federal?
- 219 I sold my personal residence. How do I report the sale to California?
- 220 There is no difference in my state and federal depreciation, business income, and capital gain income. What do I do?
- 221 What is community property?
- 222 How much can I deduct for vehicle license fees?
- 227 How do I get a refund of excess SDI?
- 239 Where can I get help with preparing and filing my income tax return?
- 240 Does a tax return have to be filed for a deceased taxpayer?

Refunds

- 300 My spouse passed away. You sent a refund with both our names on it. What do I do?
- 301 I got a letter saying you sent my refund to another agency. Why?

Penalties

- 400 I have an extension of time to file my return. Why did I get a penalty?
- 401 I filed my return on time. Why did I get a penalty?
- 402 How can I protest a penalty?
- 403 What is the estimate penalty rate?

Notices And Bills

- 500 I received a bill and I cannot pay it in full. What do I do?
- 501 Why didn't you give me credit for my withholding?
- 502 You didn't give me credit for my dependent. What do I do?
- 504 I'm head of my house. Why was I denied head of household filing status?
- 505 Why was my IRA deduction denied?
- 506 How can I get information about my Form 1099-G?
- 508 I received a notice that didn't show all payments made. How do I get credit for them?

Tax For Children

- 601 Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
- 602 Federal law limits the standard deduction. Is the state law the same?

Miscellaneous

- 610 Can I pay my taxes with a credit card?
- 611 What address do I send my payment to?
- 612 I mailed my return and haven't heard anything. Should I send a copy of my return?
- 613 I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
- 614 I forgot to attach a copy of my federal return. What do I do?
- 615 How do I get a copy of my state tax return?
- 616 What should I do if my federal tax return was examined and changed by the IRS?
- 617 What are the current interest rates?
- 619 How do I report a change of address?

